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November 30, 2007

VIA HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423-0001

ENTERED
Office of Proceedings

NOV 30 2007

Part of
Public Record

Re: STB Docket No. AB-156 (Sub-No 26X)
Delaware and Hudson Railway Company, Inc d/b/a Canadian Pacific
Railway Company - Abandonment Exemption - in Albany County, NY

OFFER OF FINANCIAL ASSISTANCE

Dear Secretary Williams.

Enclosed on behalf of R Freedman & Son, Inc. ("Freedman") are an original and eleven copies each of an Offer of Financial Assistance ("OFA") pursuant to 49 U.S.C 10904 and 49 CFR 1152.27 to purchase a portion of the rail line owned by Delaware and Hudson Railway Company, Inc. d/b/a Canadian Pacific Railway Company ("D&H") which is encompassed by the above-captioned abandonment proceeding. The Petition is accompanied by a check in the amount of \$1,300.00 covering the filing fee for the Petition as set forth at 49 CFR 1002.2(f)(25)

Please acknowledge filing of the enclosed OFA by date stamping the extra copy provided for that purpose returning that copy to the courier for return to my offices. If there are any questions concerning this filing, please contact me by telephone at (202) 663-7852 or by e-mail at kobrien@bakerandmiller.com

FEE RECEIVED

NOV 30 2007

**SURFACE
TRANSPORTATION BOARD**

Sincerely,

Keith G O'Brien
Counsel for R Freedman & Son, Inc.

FILED

NOV 30 2007

**SURFACE
TRANSPORTATION BOARD**

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. AB-156 (SUB-NO. 26X)

**DELAWARE AND HUDSON RAILWAY COMPANY, INC.
D/B/A CANADIAN PACIFIC RAILWAY COMPANY
- ABANDONMENT EXEMPTION - IN ALBANY COUNTY, NY**

**R. FREEDMAN & SON, INC.
OFFER OF FINANCIAL ASSISTANCE ("OFA")**

**ENTERED
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**SURFACE
TRANSPORTATION BOARD**

FILED

NOV 30 2007

**SURFACE
TRANSPORTATION BOARD**

**Keith G. O'Brien
Robert A. Wimbish
Baker & Miller PLLC
2401 Pennsylvania Avenue, NW
Suite 300
Washington, DC 20037
Phone: (202) 663-7820
Facsimile: (202) 663-7849**

**Attorneys for R. Freedman & Son,
Inc.**

November 30, 2007



**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB DOCKET NO. AB-156 (SUB-NO. 26X)

**DELAWARE AND HUDSON RAILWAY COMPANY, INC.
D/B/A CANADIAN PACIFIC RAILWAY COMPANY
- ABANDONMENT EXEMPTION - IN ALBANY COUNTY, NY**

**R. FREEDMAN & SON, INC.
OFFER OF FINANCIAL ASSISTANCE ("OFA")**

R Freedman & Son, Inc. (hereinafter "Freedman" or "Offeror") files this offer of financial assistance ("OFA") pursuant to 49 U.S.C. 10904 and 49 CFR 1152.27 to purchase a portion of a rail line owned by Delaware and Hudson Railway Company, Inc. d/b/a Canadian Pacific Railway Company ("D&H") which is encompassed by the above-captioned abandonment proceeding. According to D&H's notice of exemption, the subject line extends from milepost A 6.95 +/- (in Colonie) at the connection to D&H's main line to milepost A 7.13 +/-, and, from a connection there at milepost T 0.0 +/- extending to milepost T 1.81 +/- in Green Island, Albany County, NY. Specifically, Freedman seeks to purchase a portion of the line from milepost A 6.95 +/- in Colonie where it connects with the D&H main line to approximately milepost T 1.52 (adjacent to Freedman's facilities in Green Island), NY, a total distance of approximately 1.05 miles.

For this portion of the line and the underlying right-of-way (the latter consisting of approximately 11.74 acres +/- of real property), Freedman offers \$259,322.60 for both track and materials as set forth more fully below. Through information provided below, Freedman will establish that it is financially responsible and that its offer to purchase the

identified segment of the line is bona fide and reasonable. Freedman requests an order to that effect from the Board and also requests that the Board postpone the effectiveness of the abandonment exemption to permit negotiations to commence

BACKGROUND

D&H filed a notice of exemption to abandon the relevant line, which notice the Board served and published on June 1, 2007. Previously, on May 17, 2007, Freedman filed a formal notice of intent to file an OFA to acquire the line¹ and simultaneously requested that D&H provide Freedman with the financial data and information prescribed in 49 CFR 1152.27(a). By decision served on June 15, 2007, the 30 day time period for filing an OFA was tolled until August 20, 2007, and the effective date of the exemption was extended until August 30, 2007

By decision served on August 6, 2007, the deadline for filing an OFA would be extended indefinitely until 30 days after D&H notified the Board that it had provided the requested information to Freedman. Although some of the requested information was received by Freedman by transmission dated August 28, 2007, Freedman alerted D&H to inadvertent deficiencies in D&H's information, and requested D&H to provide complete information in keeping with the requirements of 49 CFR 1152.27(a). D&H informed Freedman that it expected to provide the additional information on or before October 31, 2007, and that it did not oppose a request by Freedman to toll the time period to submit an OFA until 30 days after D&H provided the additional information. In a letter dated September 14, 2007, Freedman noted the D&H commitment and formally requested that the time period to submit an OFA be tolled until 30 days after D&H provided Freedman

¹ At that time, Freedman contemplated acquiring all of the line. Freedman now proposes to acquire approximately 1.05 miles of the line.

with the requested information. In a decision served September 27, 2007, the Board extended the deadline for filing an OFA in this proceeding until 30 days after D&H notified the Board that it had provided the additional information that Freedman sought.

On November 1, 2007, counsel for Freedman received additional information from D&H.

STATEMENT OF THE FACTS

Freedman has been actively involved in the metal salvage business for over 100 years. Over the course of time Freedman has evolved into a major factor in the salvage business, serving the needs of suppliers and users by providing cost-effective processing of scrap metals of all sorts and supplying steel mills and foundries with essential feed stock. Freedman located at its 12-acre site in Green Island in 1970, and employs over 40 people who operate efficient processing equipment, including nine cranes, three shears and numerous bailers and a 1500 hp shredder. Freedman currently receives and ships over 100,000 tons of scrap metal from and to markets all over the world.

Availability of responsive transportation service has played a critically important role in Freedman's ability to preserve and grow in all manner of economic conditions. In this regard Freedman has utilized all forms of transportation including rail, truck and water. While Freedman has not used rail service over the involved line in a number of months it has determined that preservation of the line and its availability to afford access to the rail system is critically important to Freedman's economic interests and long-term business plans. For that reason Freedman has determined to make the investment necessary to acquire a portion of the subject line in order to preserve availability of rail service in its own long-term interests and to assure that it will be available to

accommodate rail service needs of any other shipper who may express an interest in rail service over the line

PRESENTATION OF OFFEROR

I. The Applicable Law

49 U.S.C. 10904 and the implementing regulations at 49 CFR 1152.27 establish the procedure for assuring availability of continued rail service over a line approved for abandonment. These provisions reflect the Congressional desire to preserve, whenever possible, any prospect for continuing or resuming rail service on corridors that would otherwise be abandoned. See Redmond-Issaquah R.R. Preservation Ass'n v. STB, 223 F.3d 1057, 1060-63 (9th Cir. 2000).

Under the applicable regulations (49 CFR 1152.27(c)(2)(ii)), an offeror must:

1. Identify the line, or portion of the line in question;
2. Demonstrate that it is financially responsible – that it either has or within a reasonable time will have the financial resources to fulfill its proposed contractual obligations, and
3. Explain the disparity between its proposed purchase price of less than the abandoning carrier's estimate and explain how the offer of purchase is calculated.

While an offeror must meet these criteria, an OFA need not be overly detailed.

See Illinois Central Railroad Co. – Abandonment – Between Aberdeen Junction and Kosciusko, in Holmes and Attala Counties, STB Docket No. AB-43 (Sub-No. 163) (STB served January 31, 1997).

II. The Line to Be Acquired

The line that Freedman proposes to acquire via the OFA process consists of a discrete portion of the line that is the subject of D&H's abandonment notice of exemption.

in this proceeding Specifically, Freedman's offer covers the following line segment from milepost A 6.95 +/- in Colonie (at the connection with D&H's main line) to approximately milepost T 1 52 (adjacent to Freedman's facilities in Green Island, NY), a total distance of approximately 1 05 miles ²

III. Freedman Is Financially Responsible

In addition to its well-established position as a responsible processor of scrap metals serving metal markets all over the world, Freedman meets the test of financial responsibility because it possesses the economic wherewithal to purchase and operate the line when and as necessary to meet its own needs and those of any other shippers that may subsequently locate on the line

Freedman has secured financial commitments from Citizens Bank of New York ("Bank"), the proceeds of which are available to purchase the line and make improvements to the property Specifically, Bank has committed up to \$536,000 to cover 75% of the fair market value of the property to be acquired, to fund improvements to the property, and pay related expenses. See Attachment 1, p.2,5. In addition, Freedman has placed \$65,000 of its own funds in escrow specifically for the purpose of acquisition and preservation of the relevant portion of the line and to assure Freedman and any other shipper of access to the rail system as needed These escrowed Freedman funds represent the 25% contribution to the purchase that will cover the difference in the Bank's funding commitment See Attachment 2 Freedman and its corporate affiliate R. Kelly Freedman

² From approximately milepost T 1 42 to milepost T 1.52 (roughly one tenth of a mile), Freedman proposes to acquire less than the full width of the existing D&H right-of-way As will be explained herein and in the materials supporting the instant OFA, Freedman's proposal for this specific one-tenth of a mile addresses the current use of a portion of D&H's right-of-way by a third party for non rail transportation purposes.

Holding Group also have at their disposal for this transaction a revolving line of credit with Bank which provides for funds up \$1,500,000, which can be used for purposes of restoration and operation of the line. See Attachment 3.

Freedman has discussed operation of line with the track consultant retained for purposes of this offer of assistance and with a responsible operator who has agreed to manage operations of the line when and as service is needed. The scope of this offer is based on findings concerning the current state of the rail line and the practicalities of rail operations, specifically in the context of Offeror's needs as discussed with Freedman's track consultant and the experienced operator.

IV. The Offer if Bona Fide

Freedman's purchase offer is bona fide in as much as Freedman has demonstrated above that I possesses more than sufficient resources to acquire the line. Moreover, as a shipper that has in the past made use of rail service on this line, Freedman is resolved to preserve the line to assure that it has adequate transportation alternatives to meet its own needs and those of any other shippers that may request rail transportation service over this line.

V. The Price Proposed to Be Paid for the Line

In accordance with the applicable regulations the value of the line must be set at a combination of – (1) net track material value (less removal costs), and (2) the right-of-way real estate value. Based on the advice of track and real estate experts that it has retained for purposes of this OFA, Freedman has determined (as described above and discussed more fully below) that the portion of the line it wishes to acquire has a value of \$259,322.60. Freedman's valuation consists of \$241,850.00 for 11.93 acres of real estate

underlying the 1.05-mile corridor extending from the west side of Route 32 in the town of Colonie to the North side of Tibbits Avenue and slightly beyond to the Freedman Yard in the Green Island, and net rail physical plant salvage value of \$17, 472.60

VI. Real Estate Value

Freedman retained the services of Mr W Douglas Alvey, MAI General Certified Appraiser of Alvey & DiMerra, Inc. of Latham, NY, to evaluate real estate holdings as relevant herein. Initially he determined that a 0.41 mile segment of the line proposed for abandonment extending from the north side of Tibbits Avenue to Veteran's Memorial Highway containing 2.06 acres is currently under contract with the Village of Green Island. Mr. Alvey notes that a portion of this northern segment of the line has been utilized as an improved public road since about 2004.

Mr. Alvey also notes that there was a discrepancy between various sources regarding the actual lineal mileages and acreage comprising the portion of the line sought to be acquired by Freedman. Using Google Earth, Mr. Alvey mapped the line beginning on the north side of Tibbits Avenue and ending at the west side of Route 32 and determined that the segment encompasses a total of 0.95 miles³ of that total 0.90 lineal miles of the segment are located in Green Island and the remaining 0.05 mile is located in Colonie. In addition, Mr. Alvey relied on tax and public records in determining that the segment comprised of 11.73 acres.

In view of these findings Freedman determined to structure its offer of assistance to focus specifically on that portion of the line that remains intact as much as possible. However, in view of foreseeable requirements for switching and storage of cars

³ This finding correlates with findings of Freedman's track expert. See Attachment 5

Freedman's track and railroad consultant advised as to the need for rebuilding a portion of the line to form a 500 foot siding within the right-of-way adjacent to the Freedman property to assure safe operations. It has been determined that the 17 foot by 500 foot siding will require an additional 0.19 acres of the existing right-of-way extending from the north end of Tibbits Avenue to the Freedman Yard.⁴ This reconstruction will not disrupt the road that has been placed within the right-of-way.⁵

The right-of-way evaluation for the 0.95 mile segment sought to be acquired by Freedman was addressed both on a corridor approach and across valuation of individual parcels. Since the corridor approach resulted in a higher valuation for the involved property that value, in the amount of \$220,000, is utilized for purposes of this OFA. In addition, at Freedman's request, Mr. Alvey valued the contiguous 0.19 acre portion of the right-of-way which will be needed for switching and storage of cars at \$21,850 for total valuation of \$241,850.⁶

VII. Track and Material Values

Freedman retained the services of track expert and railroad consultant, Mr. Anthony H. Jewell of Indus Rail Co., Shelburne Falls, MA, to evaluate track and material contained in the segment of the line that Freedman proposes to acquire pursuant to this OFA. Initially Mr. Jewell observed that the track beyond milepost T 1.42 (Tibbits Street

⁴ See photograph (Attachment 4)

⁵ See copy of recommendation of Mr. A. Jewell (Attachment 5)

⁶ See Attachment 6.

Crossing) has been removed,⁷ leaving in place approximately one mile or less of track extending between the line's connection with the D&H main line and Freedman's facility. This determination is based on the evaluation of D&H rail charts that show the Green Island Branch from milepost A 6.95 to milepost A 7.13 to be 0.18 miles and the Troy Branch from milepost T 0.75 (which is where the Troy Branch connects to the Green Island Branch at milepost A 7.13) to milepost T 1.42 is 0.67 miles. This determination is consistent with the findings of Freedman's real estate expert that the involved segment containing track and materials traverses a total of 0.95 miles as determined through use of Google Earth.

Based upon his findings as to the track and materials that remain in the railroad right-of-way sought to be acquired, Mr. Jewell concluded that there are 158.40 tons of rail in place; 34.03 tons of tie plates; 9.93 tons of angle bars; 4.59 tons of spikes, 1.66 tons of bolts and 11.91 tons of miscellaneous scrap for a total of 220.52 tons of scrap steel. Based on \$255 per ton for scrap steel delivered to New York as quoted by AMM Scrap Iron and Steel on November 15, 2007, Mr. Jewell determined that the value of on line rail and other steel track accessories is \$56,232.60. From that amount, Mr. Jewell deducted \$23,760 as total cost to remove track as determined by D&H and \$15,000 to remove crossings leaving a net salvage value of track and materials of \$17,472.60. Accordingly, Freedman values the net track salvage value at \$17,472.60.⁸

⁷ This finding appears to account for the difference in the length of track and amount of track and material reported to be in the line sought to be abandoned as initially reported by D&H in response to Freedman's request for information for purposes of an OFA.

⁸ See Attachment 7

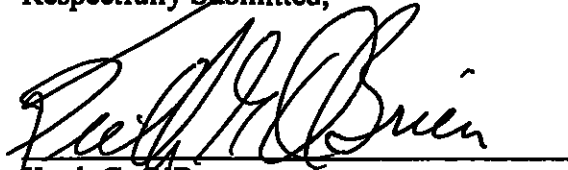
CONCLUSION

As provided above, Freedman has established that the portion of the line that it proposes to acquire in this OFA proceeding should be valued at \$259,322.60 – \$241,850 for land underlying the right-of-way, and \$17,472.60 for the net salvage value of the rail physical property actually present. Freedman's evidence of the value of the subject line segment is provided in great detail in the attachments hereto, and offers more than ample justification for the discrepancy between Freedman's rail line value estimate and that of D&H. Finally, Freedman has shown that it has available for the purposes of this transaction the following financial resources, totaling in excess of \$2 million: (1) a mortgage instrument in the amount of up to \$536,000 (to fund up to 75% of the line acquisition, property improvements and related expenses), (2) an escrow set-aside in the amount of \$65,000, and (3) access to a line of credit in the amount of \$1.5 million (which is available for property, new track, track improvements and rail operations)

For the reasons set forth above Freedman requests the Board find Freedman to be financially responsible and its offer bona fide and reasonable, and postpone the effective

date of the abandonment exemption to the extent encompassed by the offer to allow negotiations to proceed.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Keith G. O'Brien", is written over a horizontal line.

Keith G. O'Brien
Robert A. Wimbish
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2401 Pennsylvania Ave., N.W.
Suite 300
Washington, D C 20037
Tel: (202) 663-7823
Fax (202) 663-7849

Attorneys For R. Freedman & Son, Inc.

Dated: November 30, 2007

CERTIFICATE OF SERVICE

I, Robert A. Wimbish, hereby certify that on November 30, 2007, I caused a copy of the foregoing offer of financial assistance to be served by first class mail, postage prepaid, or by more expeditious service upon all parties of record in Docket No AB-156 (Sub-No 26X)


Robert A. Wimbish

Attachment 1

Stephen P. Malinowski
Senior Vice President
Regional Manager
Commercial Banking
518-426-6455

Stephen.P.Malinowski@citizensbank.com

833 Broadway, Albany NY 12207

Commitment Letter

November 29, 2007

R Freedman and Son, Inc.
C/o R. Kelly Freedman Holding Group, LLC
P.O. Box 1531
Green Island, New York 12183
And

Attn: Anthony Dawson

Dear Mr. Dawson:

On behalf of RBS Citizens, N.A. (hereinafter called "Bank"), I am pleased to inform you that the Bank hereby offers to make the following-described loan ("Loan") subject to the terms and conditions described in this Commitment Letter (the "Commitment"). This Commitment is expressly made subject to preparation of documentation in form and substance satisfactory to Bank and its counsel, which documentation shall reflect the terms and conditions set forth in this Commitment and such other terms and conditions as Bank and its counsel determine as appropriate. This Commitment to lend is further made subject to (i) Bank's continued satisfaction with the condition (financial and otherwise) of the Parties (as herein defined), and (ii) the requirement that, prior to closing of the Loan, no material adverse change in the condition (financial or otherwise) of the Parties has occurred.

Borrower: R. Freedman and Son, Inc., (the "Borrower")

Guarantor(s): Anthony Dawson, R. Kelly Freedman Holding Group, LLC and, Hudson Deepwater Development, Inc., (the "Corporate Guarantors")

Parties: For purposes of this Commitment, the Borrower and the Guarantors may be collectively referred to herein as the "Parties."

Loan Amount: The principal amount of the Loan shall be 75% of the lesser of the Bank ordered appraised fair market value of the Property (hereafter defined) or the cost plus improvements, but in no case more than \$536,000 00 U S

Depository Relationship: The Borrower hereby acknowledges and agrees that Bank will be the primary depository bank of Borrower. The Borrower will maintain an account from which payments due on this Loan may be automatically deducted by the Bank

Interest Rate: "Applicable Margin" means 2.50% per annum

"Business Day" means any day which is neither a Saturday nor Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in Albany, NY

"Interest Period" means initially, the period commencing as of the Date of Closing (the "Start Date") and ending on the numerically corresponding date 30 days later, and thereafter each 30 day period ending on the day of such month that numerically corresponds to the Start Date. If an Interest Period is to end in a month for which there is no day which numerically corresponds to the Start Date, the Interest Period will end on the last day of such month

"Interest Payment Date" means initially, the first day of the calendar month following the Date of Closing, and thereafter the numerically corresponding date of each month

LIBOR Rate means relative to any Interest Period, the offered rate for delivery in two London Banking Days (as hereinafter defined) of deposits of U.S. Dollars which the British Bankers' Association fixes as its LIBOR rate and which appears on the Telerate Page 3750 as of 11:00 a.m. London time on the day on which the Interest Period commences, and for a period approximately equal to such Interest Period. If the first day of any Interest Period is not a day which is both a (i) Business Day (as hereinafter defined), and (ii) a day on which US dollar deposits are transacted in the London interbank market (a "London Banking Day"), the LIBOR Rate shall be determined in reference to the next preceding day which is both a Business Day and a London Banking Day. If for any reason the LIBOR Rate is unavailable and/or the Bank is unable to determine the LIBOR Rate for any Interest Period, the LIBOR Rate shall be deemed to be equal to the Bank's Prime rate. Business Day means any day which is neither a Saturday or Sunday nor a legal holiday on which commercial banks are authorized or required to be closed in Albany.

Interest Provisions The interest rate to be charged for the Loan is subject to change from time to time. At the option of the Borrowers to

be selected not later than 5 days prior to the Closing on the purchase of the real property which is the subject of this Facility, the interest rate may be either:

Interest on the outstanding principal amount of the Loan shall accrue during the Interest Period applicable thereto (30 days) at a rate equal to the sum of the LIBOR Rate for such Interest Period plus the Applicable Margin thereto and be payable on each Interest Payment Date.

Interest shall be computed on the aggregate principal balance outstanding from time to time, on the basis of a three hundred sixty (360) day year, and shall be charged for the actual number of days within the period for which interest is being charged.

In the event that the LIBOR Rate should be discontinued and a substitute or substitutes be provided therefore, then such substitute which in the judgment of Bank most nearly provides the measurement now being provided by the LIBOR Rate shall be used in lieu of the LIBOR Rate.

In the event the LIBOR Rate is discontinued and no substitute is provided therefore, any index, service or publication which in the judgment of Bank most nearly provides the measurement now being provided by the LIBOR Rate shall be used in place of the LIBOR Rate

OR

The Bank's Prime Rate as defined above.

Also

At the option of the Borrowers to be selected not later than 5 days prior to the Closing on the purchase of the real property which is the subject of this Facility, the interest rate may be a fixed rate by entering into an interest rate swap agreement with the Bank, as defined below.

Repayment:

Beginning thirty (30) days after the Closing Date and continuing on the same day of each and every month thereafter until the Maturity Date, monthly installments of principal and interest based upon such interest rate and a One Hundred Eighty (180) month amortization period shall be due and payable.

Loan Term: The entire principal balance outstanding of the Loan, together with interest due thereon and unpaid, shall be due and payable Ten (10) years after the Closing Date (the "Maturity Date").

Prepayment: Prepayment, in whole or in part, is permitted at any time upon fifteen (15) days notice without a prepayment premium, except for any LIBOR breakage fees.

Interest Rate Swap: If the Borrower select a fixed interest rate equivalent, on or after the Date of Closing, Borrower shall enter into an interest rate hedging contract to exchange the risk of a floating rate for a fixed rate covering the Loan and the Mortgage to the Maturity Date. All swap documentation is per Bank policy and must be fully acceptable to the Bank in its sole discretion. Multiple branches of swaps shall be permitted subject to the Bank's approval thereof.

Interest shall be computed on the aggregate principal balance outstanding from time to time, on a basis of a three hundred sixty (360) day year, but shall be charged for the actual number of days within the period for which interest is being charged.

Should the Borrower prepay the Loan, the Borrower may incur an exit cost to unwind the swap prior to maturity (as detailed in the separate swap documentation).

Late Charge: The greater of Five cents (\$.05) on each dollar of any payment or \$35.00 not paid within ten (10) days after due.

Default Rate and Cross-Default: In the event of any default under the Loan Documents, the rate of interest to be charged for the Loan may be increased by five (5) percentage points. The Loan and any other loan or agreement by and between any or all of the Parties and the Bank and any swap agreement in place with respect to the Loan shall be cross-defaulted.

Loan Documents and Security for the Loan: The Loan shall be evidenced by one or more promissory notes—(collectively, the "Note") and secured by (1) a Mortgage and Security Agreement (the "Mortgage") creating or continuing (a) a first lien on the real property which is the subject of this Facility, together with all improvements, easements and rights of way (the "Property"), and (b) a first

lien and security interest in all fixtures related to the Property and all products and proceeds thereof; (2) An Assignment of Leases and Rents assigning to the Bank all leases, rents, security deposits, issues and profits therefrom; (3) Uniform Commercial Code Financing Statements, and (4) such other documents, including, without limitation, an Indemnity Agreement executed by the Borrowers, and a Guaranty Agreement executed by the Guarantor(s). The Note, the Mortgage and all other documents required by the Bank to be executed and delivered by any or all of the Parties in connection with the Loan shall be known as the "Loan Documents," which Loan Documents shall be in form, substance and execution acceptable to the Bank and its counsel. The Loan shall be cross collateralized with Other obligations of the Borrowers

Use of Proceeds: The proceeds of the Loan are to be used only for the purposes of (i) purchasing the Property, (ii) making improvements to the Property, and (iii) paying such related expenses and costs thereof and hereof.

Commitment Expiration: This Commitment will expire and terminate unless accepted and received, along with the Good Faith Deposit, by Bank by 5:00 P.M. Eastern Time ("E.T.") on November 30, 2007.

Closing Date: Regardless of acceptance, unless the Loan is closed no later than April 30, 2008, this Commitment will expire and terminate. Borrowers' obligation to pay incurred expenses shall survive termination of this Commitment.

Funding: The Loan will be funded at closing.

Closing Costs: The Borrower will pay all costs in connection with this Loan

Insurance and Escrow Impound Requirements: The Borrowers must maintain hazard, flood, and general liability insurance, as applicable, with an established insurance company acceptable to Bank; hazard insurance coverage shall not be less than the replacement cost of covered property or Loan Amount if less, so long as there is no co-insurance requirement and general liability insurance coverage shall not be less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate. *RBS Citizens, N.A., ISAOA, ATIMA Attention: Commercial Loan Documentation, 833 Broadway, Mail Stop/Room 153-2440, Albany, N.Y. 12207* must be designated as Mortgagee and Loss Payee with a thirty (30) day amendment/cancellation notice to be sent to Bank upon amendment or cancellation for failure to pay the premium(s). The Bank must be designated as an additional insured. Each policy must contain a Lender's Loss Payee provision or endorsement. Provided no default exists under the Loan Documents, the Borrower may pay insurance premiums

outside of escrow during the Loan Term; evidence of payment shall be furnished to Bank at least five (5) days prior to the date such amounts become delinquent.

**No Subordinate
Financing or
Acquisitions:**

Until the Loan is paid in full, the Parties, shall not suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest, encumbrance or alienation of the Collateral pledged to the Bank, or any interest in or portion thereof except for those contained in other Facilities in this Commitment Letter.

Financial and

Other Disclosures: The Parties shall each execute IRS tax information authorizations (IRS Form 4506) for such periods as Bank may require

Monthly and YTD internally prepared financial statements on R Kelly Freedman Holding Group, LLC. within 30 days of the previous month end.

R Kelly Freedman Holding Group, LLC, R Freedman and Son, Inc., Hudson Deepwater Development, Inc shall provide to the Bank annually, CPA reviewed quality financial statements on a consolidating basis within 120 days of the end of its fiscal year.

R Kelly Freedman Holding Group, LLC, R. Freedman and Son, Inc and Hudson Deepwater Development, Inc. will furnish the Bank annually copies of their federal income tax returns including all schedules within 15 days of their filing. In the event that any of the required federal income tax returns will be filed on extension, a copy of the extension must be provided to the Bank prior to the date the return would otherwise have to be filed.

Anthony Dawson will furnish the Bank annually copies of his federal income tax returns including all schedules and personal financial statements within 15 days of filing. In the event that any of the required federal income tax returns will be filed on extension, a copy of the extension must be provided to the Bank prior to the date the return would otherwise have to be filed.

Financial Covenants: R Kelly Freedman Holding Group, LLC, R. Freedman and Son, Inc., and Hudson Deepwater Development, Inc on a consolidated basis, shall not permit its ratio of its Cash Flow minus Distributions, to CMLTD plus Interest expense, to be less than 1 2:1 for any fiscal year. This will be tested beginning with the FYE 12/31/07

1. Three copies of a survey of the Property setting forth all matters as the Bank may request, and certified by a licensed surveyor to Bank and Fort Orange Title Insurance Agency LLC.
2. Evidence of the Property's compliance with all applicable laws (including zoning) and private covenants and restrictions and evidence that the

R Kelly Freedman Holding Group, LLC, Freedman and Son, Inc., and Hudson Deepwater Development, Inc and on a consolidated basis shall not permit their ratio of its indebtedness to Tangible Net Worth to be greater than 2 0 1 at any time.

In the event of conflict, this commitment will govern all previous financial reporting and covenant requirements.

Special Conditions: Borrower shall enter into a lease with R Kelly Freedman Holding Group, LLC for the Property with a term that equals or exceeds the term of the Loan and requires rent payments sufficient to make the payments required by this Facility.

Indemnification: The Borrower agree to indemnify and to defend and hold the Bank harmless against any brokerage commissions or finder's fees claimed in connection with the Loan.

**Title Insurance
Policy and Other
Documentation:**

THE BANK WILL MAKE ITS OWN ARRANGEMENT FOR AN ALTA LOAN POLICY OF TITLE INSURANCE at Borrowers expense, insuring the Bank that the Mortgage is in a first lien position upon the Property, and with such endorsements as may be required by Bank, (ii) Uniform Commercial Code and Judgment Searches, for any Borrowers, and (iii) Good Standing Certificate and Franchise Tax Report for the entity Guarantor.

Appraisal:

THE BANK WILL MAKE ITS OWN ARRANGEMENT FOR AN APPRAISAL OF THE PROPERTY at Borrowers expense.

**Pre-Closing
Documents:**

The Borrowers shall furnish the following documentation to the Bank and/or its counsel, **AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE CLOSING DATE**, all in form, substance and execution satisfactory to the Bank and all subject to review, verification and acceptance by Bank

proposed use of the Property is a permitted use under existing laws.

3. Evidence (Site Inspection and a Phase I) indicating that the Property is free from risk in the Bank's judgment from all hazardous substances, toxic substances or hazardous wastes, and contains no underground storage tanks.
4. Certified copies of each entity R. Kelly Freedman Holding Group, LLC, R. Freedman and Son, Inc.'s, Hudson Deepwater Development, Inc. Articles of Organization and Operating Agreement or Certificate of Incorporation and By-Laws, as the case may be, Certificates of Good Standing and resolutions with respect to borrowing all as more specifically required by Bank's counsel. In the event that there have been no changes in the governing documents of the entities other than the Holding Company since March 27, 2007 and they remain in good standing with the New York Secretary of State, an affidavit to that effect will be sufficient for those entities.
5. Evidence of required insurance coverage, issued by insurance carriers acceptable to the Bank.
6. A true and certified copy of the lease in effect for the Property.
7. Flood hazard insurance on the Property if required
8. Such other documents and requirements as Bank or its counsel may reasonably require in connection with the transactions contemplated by this Commitment

Bank Counsel: HITE, O'DONNELL & BEAUMONT, P.C.
26 Century Hill Dr.
Latham, N.Y. 12110
(518) 786-1100
fax (518) 786-1119

Attn: Brian J. O'Donnell, Esq.
bodonnell@hodb.com

**Non-Assignability
of Commitment;
Jurisdiction:**

This Commitment is made exclusively to the Borrower and is not assignable nor transferable. All parties to this Commitment consent to the jurisdiction of the Courts of the State of New York, Albany County with respect to any proceeding arising out of or pertaining to this Commitment and/or the Loan.

The Bank's obligations under this Commitment are subject to the satisfactory compliance by the Parties with all of the conditions contained herein. The issuance of this Commitment shall not prejudice the Bank's rights of review and approval of documents and materials heretofore delivered to the Bank by or on behalf of the Parties. This Commitment shall not be binding upon the Bank unless it is accepted in writing by the Parties as provided herein and delivered, along with the Good Faith Deposit, before 5:00 P.M. E.T. on November 30, 2007 to.

RBS Citizens
Mail Code NYH104
Business Banking Department
833 Broadway
Albany, NY 12207

Attn.: Stephen P. Malinowski, Sr. VP and Regional Manager Commercial Banking

TIME IS OF THE ESSENCE WITH RESPECT TO THE PARTIES' PERFORMANCE OF THEIR OBLIGATIONS HEREUNDER. THE FOREGOING IS INTENDED AS AN OUTLINE AND DOES NOT PURPORT TO LIST OR FULLY SET FORTH ALL OF THE CONDITIONS, COVENANTS, WARRANTIES AND OTHER TERMS AND PROVISIONS WHICH WILL BE CONTAINED IN DEFINITIVE DOCUMENTATION FOR THE FINANCING CONTEMPLATED HEREBY. IN ADDITION, CERTAIN OF THE PROVISIONS INCLUDED HEREIN ARE SUBJECT TO MODIFICATION AND/OR RESTRUCTURING BASED UPON THE RESULTS OF THE BANK'S DUE DILIGENCE AND RELATED EFFORTS. THE FINANCING SUMMARIZED IN THIS COMMITMENT IS EXPRESSLY MADE SUBJECT TO THE PREPARATION AND EXECUTION OF DEFINITIVE DOCUMENTATION SATISFACTORY IN FORM AND SUBSTANCE TO THE BANK AND IT'S COUNSEL, WHICH DOCUMENTATION IS LIKELY TO INCLUDE PROVISIONS IN ADDITION TO THOSE SET FORTH ABOVE.

We appreciate the opportunity to be of service to you.

Sincerely,

RBS CITIZENS, N.A.

By _____

Stephen P. Malinowski, Sr. VP

and Regional Manager Commercial
Banking


ACCEPTANCE OF COMMITMENT

The undersigned hereby acknowledge receipt of the foregoing Commitment this ____ day of November, 2007, and do hereby accept all of the terms, conditions and time limitations set forth in the Commitment by the execution of same

Borrower;

R. FREEDMAN AND SON, INC.

By




Anthony Dawson, President

Guarantors

R. KELLY FREEDMAN HOLDING GROUP, LLC


By



Anthony Dawson, Member

Hudson Deepwater Development, Inc.

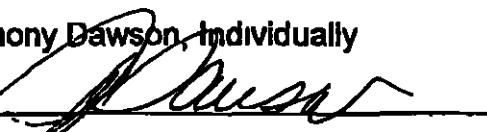
By



Anthony Dawson, President

Anthony Dawson, Individually

By



Parties' Legal Counsel(s)

Name: _____

Telephone Number: (____) _____

**HERZOG
LAW FIRM**

Attachment 2

November 30, 2007

BY E-MAIL & FAX (202-663-7849)

Keith G. O'Brien

Baker & Miller PLLC

Suite 300

2401 Pennsylvania Avenue, NW

Washington, DC 20037

Re R. Freedman & Son, Inc.

Dear Mr. O'Brien

I am sending this letter to confirm that I have deposited into our firm's attorney's escrow account the sum of \$65,000 received from R. Freedman & Son, Inc. I hold this money in escrow with instructions to use so much of it as may be necessary for my client to complete the purchase of a Canadian Pacific rail line running from Colonie, New York to Green Island, New York.

You are authorized to file this letter with the Surface Transportation Board in conjunction with Freedman's offer as evidence of its financial capability to purchase, rehabilitate and operate the line.

Very truly yours,



James M. Reilly

JMR/mtm

**Herzog Law Firm P.C.
7 Southwoods Boulevard
Albany, NY 12211**

**T 518 465 7581
F 518 465 7741
www.herzoglaw.com**



Stephen P. Malinowski
Senior Vice President
Regional Manager
Commercial Banking
518-426-6455

Stephen.P.Malinowski@citizensbank.com

833 Broadway, Albany NY 12207

Commitment Letter

November 21, 2007

R Kelly Freedman Holding Group, LLC
P O. Box 1531
Green Island, New York 12183
And
R Freedman and Sons, Inc
C/o R Kelly Freedman Holding Group, LLC

Attn. Anthony Dawson

Dear Mr Dawson:

On behalf of RBS Citizens, N A. (hereinafter called "Bank"), I am pleased to inform you that the Bank hereby offers to make the following-described loans in three Facilities (each a "Loan") subject to the terms and conditions described in this Commitment Letter (the "Commitment"). This Commitment is expressly made subject to preparation of documentation in form and substance satisfactory to Bank and it's counsel, which documentation shall reflect the terms and conditions set forth in this Commitment and such other terms and conditions as Bank and it's counsel determine as appropriate. This Commitment to lend is further made subject to (i) Bank's continued satisfaction with the condition (financial and otherwise) of the Parties (as herein defined), and (ii) the requirement that, prior to closing of the Loan, no material adverse change in the condition (financial or otherwise) of the Parties has occurred.

Facility 1

Revolving Line of Credit

Borrowers:

R. Kelly Freedman Holding Group, LLC and R. Freedman and Sons, Inc., (jointly and severally, the "Borrowers")

Guarantor(s):

Anthony Dawson, Hudson Deepwater Development, Inc., (the "Corporate Guarantor") and an entity to be formed to acquire certain real property which will be subject to the Mortgage described in Facility 3 which the Borrowers will use their best efforts to form, obtain authorization for it to do business in New York and obtain a guaranty from it prior to the Closing.

on Facilities 1 and 2 (each a "Guarantor," collectively, the "Guarantors"), jointly and severally.

Parties: For purposes of this Commitment, the Borrowers and the Guarantors may be collectively referred to herein as the "Parties."

Depository Relationship The Borrowers hereby acknowledge and agree that Bank will be the primary depository bank of Borrowers. The Borrowers will maintain an account from which payments due on this Loan may be automatically deducted by the Bank.

Loan Amount: The principal amount of the Loan which is a revolving line of credit loan, shall not exceed \$1,500,000.00 Dollars U.S. and shall supersede the revolving line of credit loan dated May 9, 2007.

Advances: Advances on this Loan will be monitored by the Relationship Manager using a monthly Borrowing Base Certificate. Advances may be made up to 80% of eligible accounts receivable, plus 50% of inventory valued at the lesser of its cost or market value and capped at \$1,000,000.00. Eligible accounts receivable are determined in accordance with Bank policy and exclude, for example, those more than 90 days past due from the date of invoice, Contra accounts, Foreign Government accounts, Bonded accounts, Pre-billed accounts, Bill & Hold accounts, Inter-company accounts, Progress Payments, Retainage and Tainted accounts.

Interest Rate: The interest rate to be charged for the Loan is subject to change from time to time. At the option of the Borrowers to be selected not later than 5 days prior to the closing, the interest rate may be either:

30 day LIBOR Advantage plus the
Applicable Margin of 2.5%

OR

The Bank's Prime Rate

"LIBOR Advantage Rate" means relative to any Interest Period for a LIBOR Rate Loan, the offered rate for deposits of U.S. Dollars in an amount approximately equal to the amount of the LIBOR Rate Loan for a term coextensive with the Interest Period which the British Bankers' Association fixes as its LIBOR rate as of 11:00 a.m. London time on the day which is two London Banking Days prior to the beginning of such Interest Period. "London Banking Day" means a day on which dealings in US dollar deposits are transacted in the London interbank market. If for any reason the LIBOR Rate is unavailable and/or the Bank is unable to determine the LIBOR Rate for any Interest Period, the

LIBOR Rate shall be deemed to be equal to the Bank's prime rate.

Prime Rate means the rate per annum from time to time established by the Bank as the Prime Rate and made available by the Bank at its main office or, in the discretion of the Bank, the base, reference or other rate then designated by the Bank for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto.

Repayment: Beginning thirty (30) days after the Closing Date and continuing on the same day of each and every month thereafter monthly installments of (i) interest determined by Bank based upon the interest rate in effect on each Change Date; and (ii) the entire outstanding principal and any unpaid interest shall be due and payable on demand by the Bank

Late Charge: The greater of Five cents (\$.05) on each dollar of any payment or \$35.00 not paid within ten (10) days after due.

Default Rate and Cross-Default: In the event of any default under the Loan Documents, the rate of interest to be charged for the Loan may be increased by five (5) percentage points. The Loan and any other loan or agreement by and between any or all of the Parties and the Bank and any swap agreement in place with respect to any Loan between the Parties and the Bank shall be cross-defaulted.

Loan Documents and Security for the Loan: The Loan shall be evidenced by one or more promissory notes (collectively, the "Note") and secured by (1) Uniform Commercial Code Financing Statements on all of the Borrowers' and Corporate Guarantor's business assets, and (2) such other documents, including, without limitation, an Indemnity Agreement executed by the Borrowers, and a Guaranty Agreement executed by the Guarantors. The Note, the Financing Statements and all other documents required by the Bank to be executed and delivered by any or all of the Parties in connection with the Loan shall be known as the "Loan Documents," which Loan Documents shall be in form, substance and execution acceptable to the Bank and its counsel. The Loan shall be cross collateralized with the Loans described in Facilities 2 and 3 of this Commitment Letter

Use of Proceeds: The proceeds of the Loan are to be used only for the purposes of (i) working capital, and (ii) paying closing costs of any Loan between the Parties and the Bank and such related expenses and costs.

Commitment Expiration: This Commitment will expire and terminate unless accepted and received, along with the Good Faith Deposit, by Bank by 5 00 P M Eastern Standard Time ("E T ") on **November 30, 2007**

Closing Date: Regardless of acceptance, unless the Loan is closed no later than **December 31, 2007**, this Commitment will expire and terminate. Borrowers' obligation to pay incurred expenses shall survive termination of this Commitment.

Funding: This Loan will be funded upon closing, submission of the required Borrowing Base Certificate and approval by the Relationship Manager or Regional Manager Commercial Banking of a requested Advance

Costs: The Borrowers shall pay the cost of annual field exam of its accounts receivable and inventory plus all closing costs for this facility

Field Exam: A field exam will be required within the next 90 days and annually thereafter

Insurance and Escrow Impound Requirements: The Borrowers must maintain hazard insurance with an established insurance company acceptable to Bank, hazard insurance coverage shall not be less than the replacement cost of covered property or Loan Amount if less, so long as there is no co-insurance requirement. **RBS Citizens, N.A., ISAOA, ATIMA Attention: Commercial Loan Documentation, 833 Broadway, Mall Stop/Room 153-2440, Albany, N.Y. 12207** must be designated as Loss Payee with a thirty (30) day amendment/cancellation notice to be sent to Bank upon amendment or cancellation for failure to pay the premium(s). The policy must contain a Lender's Loss Payee provision or endorsement. Provided no default exists under the Loan Documents, the Borrowers may pay insurance premiums outside of escrow during the Loan Term, evidence of payment shall be furnished to Bank at least five (5) days prior to the date such amounts become delinquent.

Financial and Other Disclosures: The Parties shall each execute IRS tax information authorizations (IRS Form 4506) for such periods as Bank may require

R Kelly Freedman Holding Group LLC will furnish the Bank Borrowing Base Certificates with supporting Accounts Receivable aging and Inventory Valuation within 20 days of the end of each calendar month. The supporting documents shall provide specific details of the borrowing base including exclusions such as taint, reserves, holdbacks, etc.

Monthly and YTD internally prepared financial statements on R Kelly Freedman Holding Group, LLC within 30 days of the previous month end.

R Kelly Freedman Holding Group, LLC, Freedman and Sons, Inc., Hudson Deepwater Development, Inc and a new real estate company if formed, shall provide to the Bank annually, CPA reviewed quality financial statements on a consolidating basis within 120 days of the end of its fiscal year.

R Kelly Freedman Holding Group, LLC, Freedman and Sons, Inc. and Hudson Deepwater Development, Inc. and new real estate entity if formed will furnish the Bank annually copies of their federal income tax returns including all schedules within 15 days of their filing. In the event that any of the required federal income tax returns will be filed on extension, a copy of the extension must be provided to the Bank prior to the date the return would otherwise have to be filed.

Anthony Dawson will furnish the Bank annually copies of his federal income tax returns including all schedules and personal financial statements within 15 days of filing. In the event that any of the required federal income tax returns will be filed on extension, a copy of the extension must be provided to the Bank prior to the date the return would otherwise have to be filed.

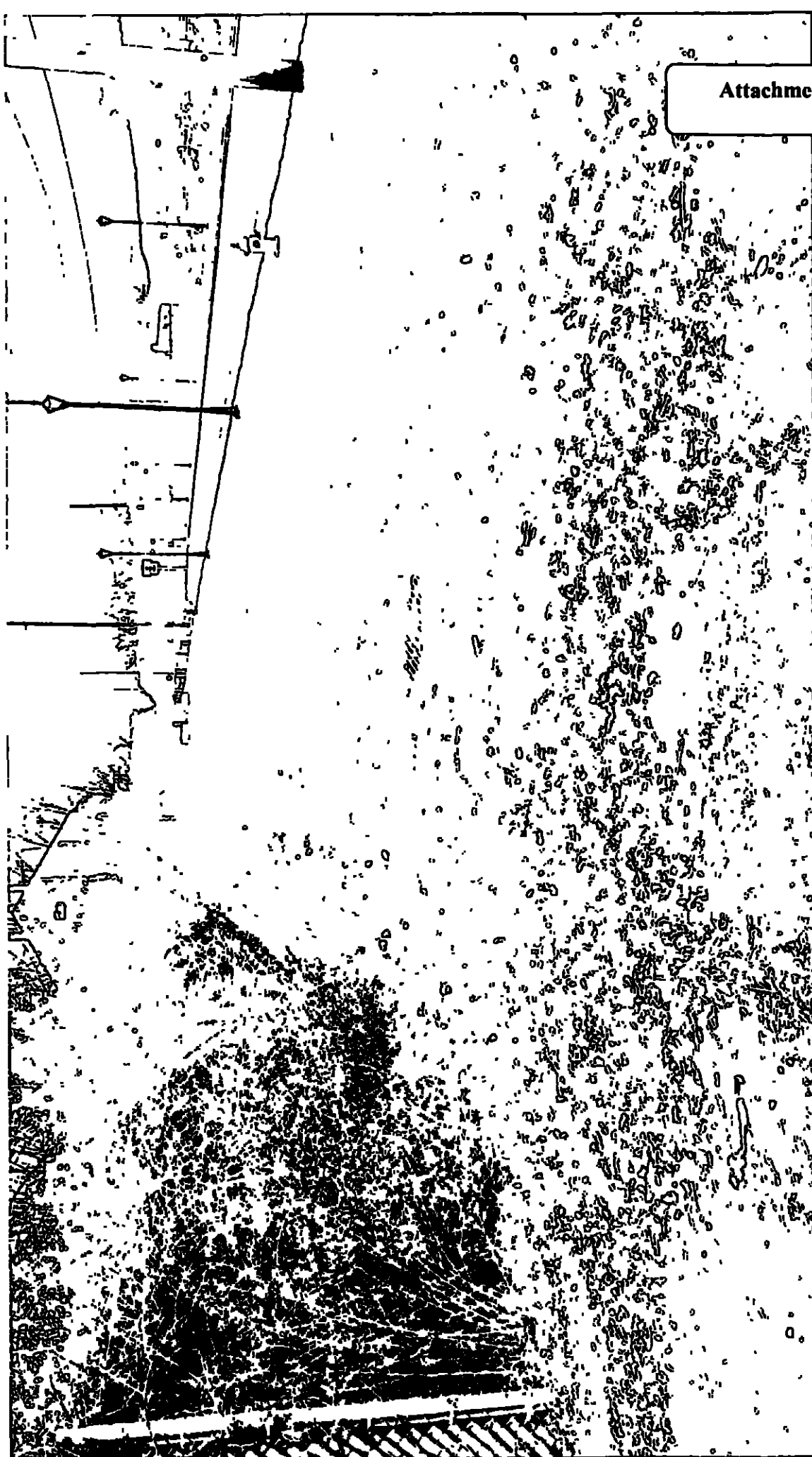
Financial Covenants:

R Kelly Freedman Holding Group, LLC, Freedman and Sons, Inc., Hudson Deepwater Development, Inc and a new real estate company if formed, on a consolidated basis, shall not permit its ratio of its Cash Flow minus Distributions, to CMLTD plus Interest expense, to be less than 1.2:1 for any fiscal year. This will be tested beginning with the FYE 12/31/07.

R Kelly Freedman Holding Group, LLC, Freedman and Sons, Inc., Hudson Deepwater Development, Inc and a new real estate company if formed, on a consolidated basis shall not permit their ratio of its Indebtedness to Tangible Net Worth to be greater than 2.0:1 at any time.

In the event of conflict, this commitment will govern all previous financial reporting and covenant requirements.

Indemnification: The Borrowers agree to indemnify and to defend and hold the Bank harmless against any *brokerage commissions or finder's fees* claimed in connection with the Loan.





Mr Anthony Dawson,
R Freedman and Sons, Inc
P O B 1533
Green Island, NY 12183

November 12, 2007

Dear Sir

**RE: Abandonment of Trackage Located in Green Island, New York
STB Docket No. AB-156 (Sub-No 26X)**

As you requested, this writer is providing you with an estimate to rebuild some of the trackage that was removed as part of an apparent Village of Green Island beautification program

Background

R Freedman and Sons would need trackage with switching capability to sort and store cars as part of it's impending rail freight operation

At the present time the Freedman property is accessed by rail through a number eight turnout located just south of the Tibbits Street crossing. The divergent track from the turnout goes across Tibbits Street into the Freedman yard.

The straight side track running out of the turnout runs approximately sixty feet from the heel of frog, across Tibbits Street to the north side of the Tibbits Street crossing where the rail ends are torched off and all other trackage north of this point, ostensibly 40 mile of track, was removed as part of a Village of Green Island beautification program.

The essential tenants of the beautification program apparently included

An upgrade of the adjacent Cannon Street roadway surface and adjacent sidewalk from the north side of Tibbits Avenue to the south side of Veterans Memorial Drive

Removal of all track and ballast in place

Installation of a comprehensive drainage system

Installation of a faux historic electric street light system with underground wiring

Installation of loam and related installation of grass seed

As I understand it, the need of Freedman and Sons for trackage in this area would be to have a track structure in place north of Tibbits Avenue sufficient in nature to completely clear the crossing and handle the placement, storage of , and switching of up to 6 typical 70 foot gondola cars and one switching locomotive This would entail a total usable track length of at least 500 track feet

The construction of 500 feet of track would include
115 pound AREA rail, to match crossing and switch rails, and all related steel hardware including joint bars, bolts, nuts, washers, tieplates, and spikes
New creosote pressure treated industrial grade ties on 22 inch spacing
Six inches of crushed quarry stone ballast sufficient for proper AREMA ballast section
One blue flag lockable derail
One WK or similar bumping post
The cost for construction of this track on a prepared sub grade, as outlined if performed by a local area railroad contractor, such as W J Riegel and Sons, would cost 150 dollars per track foot or \$75,000.00 dollars

The construction of a prepared sub grade would entail.
Removal of all dirt/loam to a depth of 19 inches below the current top of grade, 13 feet wide for 800 feet
Removal of and or protection of and or relocation of new drainage system and related structures
The cost of constructing the prepared sub grade as outlined is subject to a variety of unknowns including
Extent of drainage and electrical systems in and about the intended track area
Prevailing wage and other related Federal costing issues
It is hard to believe that it would be less than \$25,000 00

As part of this extension issue, we also need to consider the condition of the Tibbits Avenue crossing, 55' in length, which has also been negatively affected by Village of Green Island operations which have rendered the crossing impassable by trains.

The current defects are

The rails through the crossing have been torch cut at the extreme north end making it impossible to reweld rails and install joints without cutting into the crossing
The east rail in the crossing has been struck by a snow blow rendering that rail unusable
The rubber panels in and about the crossing have largely been removed and replaced with asphalt, fully filling the flangeways with asphalt, making the crossing impassable by trains

Consequently, the Tibbits Street crossing would have to be removed in toto and rebuilt
This crossing reconstruction would include the following
Removal of all asphalt and rubber panels in place to a width of 13 feet
Removal of all track in place from approximately six feet south of Tibbits Street crossing to the north end of the crossing for a total project length of 39 feet and depth of 19 inches

Tibbits Street Railroad crossing rebuild continued

Build a new 55 foot crossing with five foot extensions on each end with the following materials

Relay 115 AREA rail and associated steel hardware

New 7"x 9"x 8'6" ties on 21 inch spacing

New 1 5 inch ballast stone, sufficient for six inch ballast section

Asphalt roadway surface six inches in depth fully compacted with a cut flangeway

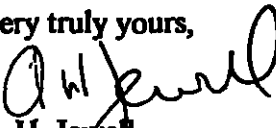
This minimal crossing cost would be approximately \$20,000 00

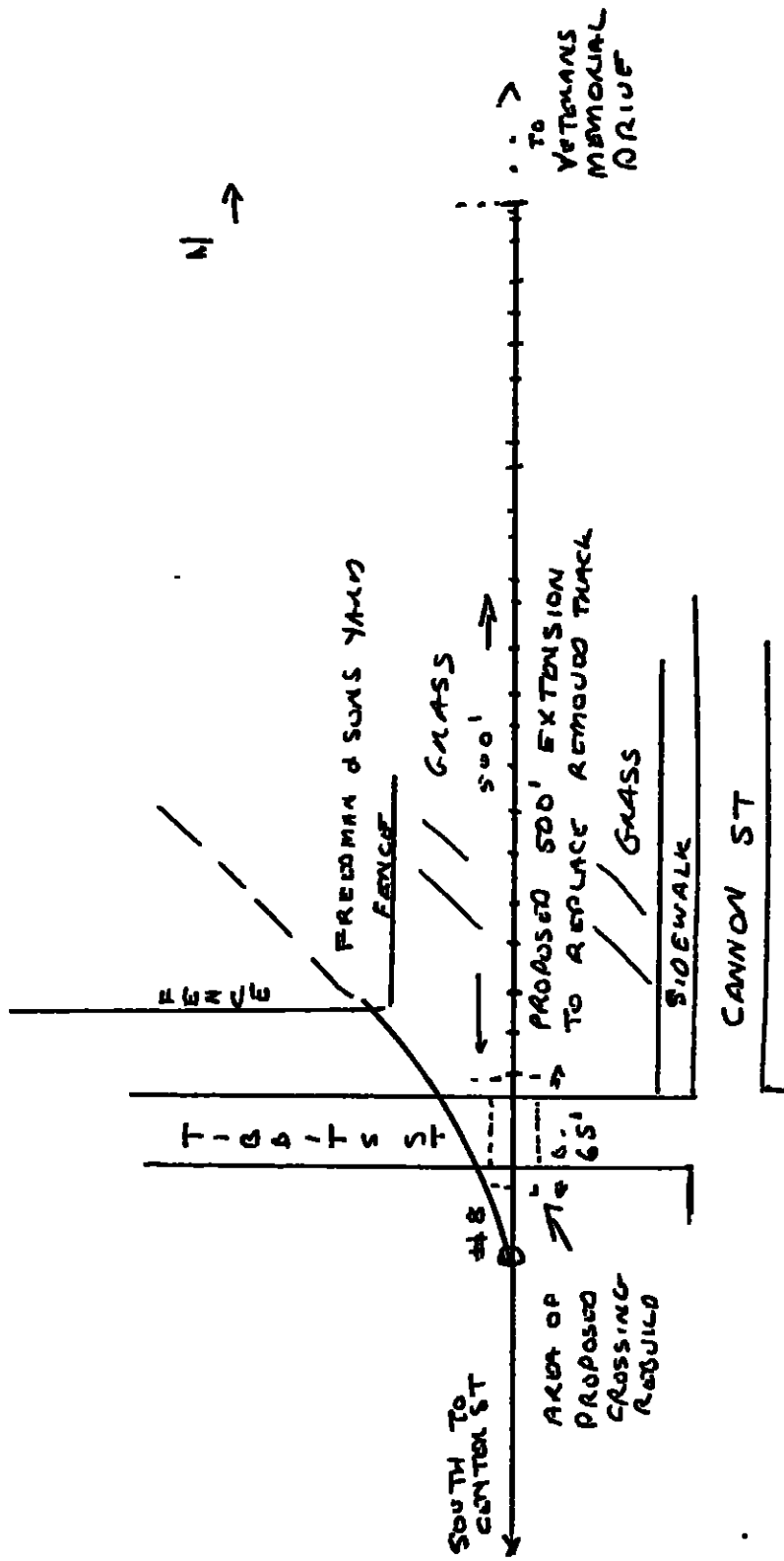
Last but not least all the approach wiring, bonded rails, conduits, and insulated joints has been removed from the north side I am not clear what the extent of repairs that would be required to make this area "whole" as indicated but feel that up to \$10,000 00 would be sufficient

Project total estimate for items indicated \$130,000.00

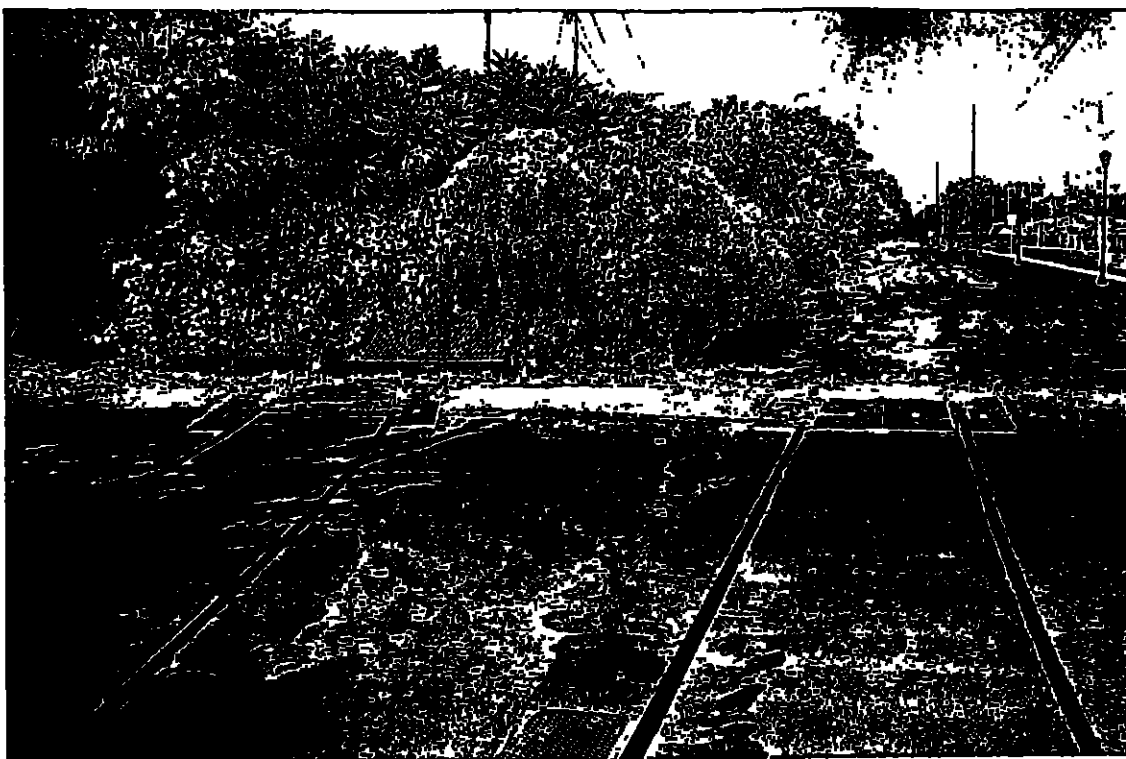
If you should have any questions concerning this report, please feel free to contact me at your convenience

Very truly yours,


A H Jewell



SKETCH OF TIBBETS ST / CANNON ST / RAILROAD
 INTERSECTION GREEN ISLAND, NY



Tibbits Street crossing looking north
 Freedman Track on left
 Troy Branch on right
 Note removed rubber panels and flangeways filled with asphalt



Tibbits Street crossing looking south
 Note Electric Access Manhole
 directly in right of way
 Note kink in east rail

APPRAISAL OF REAL PROPERTY

**Canadian Pacific Railroad Right of Way
Village of Green Island, Albany County, New York**

PREPARED FOR

**Mr Anthony Dawson
P O Box 1533
Green Island, New York 12183**

PREPARED BY

**Alvey & DiMura, Inc
10 Century Hill Drive
Latham, New York 12110**

Alvey & DiMura, Inc File No 4010

EFFECTIVE DATE OF APPRAISAL

September 7, 2007

Alvey & DiMura, Inc.

10 Century Hill Drive
Latham, New York, 12110
(518)783-1613 Fax (518)783-1616

W Douglas Alvey, MAI, SRA
Michael R. DiMura, MAI
New York State Certified General Real Estate Appraisers

November 28, 2007

Mr Anthony Dawson
P O Box 1533
Green Island, New York 12183

RE: Canadian Pacific Right of Way, Village of Green Island, Albany County, New York

Dear Mr Dawson:

At your request, Alvey & DiMura, Inc. has prepared a summary appraisal report of the fee simple market value of the referenced real property. The intended use of the report is to render an opinion of market value of the referenced real property in connection with a potential purchase. The intended user of this report is Anthony Dawson and his legal representatives.

The subject of this appraisal is an approximately 0.95 mile (11.74 acre) corridor extending from the west side of Route 32 in the Town of Colonie, to the north side of Tibbits Avenue in the Village of Green Island. It is specifically noted as a special assumption of this report that the subject property excludes a 0.41 mile sector extending from the north side of Tibbits Avenue to Veteran's Memorial Highway. This north sector contains approximately 2.06 acres and is currently under contract with the Village of Green Island for a price of \$75,190. It is also noted that this north sector has been utilized as an improved public road since around 2004. It is our understanding that the proposed purchase of the subject corridor would also include an additional 500 foot by 17 foot (0.19 acre) area that extends from Tibbits Avenue to the Freedman yard in this north sector. Although this additional sector is *not* included in the area that is the subject of this appraisal report, it represents an extension of the subject corridor. You have requested that we estimate a value for this area, assuming it is an extension of and will be purchased with the subject corridor. Under this assumption, and applying the per-mile and per-acre values concluded within this report via the corridor sales comparison and across-the-fence methodologies, respectively, results in an estimated value for the 0.095 mile (0.19 acre) for the extension of \$21,850 and \$6,650.

As appraisers, we are not trained or qualified to identify potential environmental problems, and cannot be held liable for the lack of detection or identification of possible environmental problems, which may affect the value of the property. The market value concluded herein is predicated on the assumption that no such environmental problems exist on or in the property.

Alvey & DiMura, Inc.

10 Century Hill Drive
Latham, New York, 12110
(518)783-1613 Fax (518)783-1616

W Douglas Alvey, MAI, SRA
Michael R. DiMura, MAI
New York State Certified General Real Estate Appraisers

The report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics as promulgated by the Appraisal Institute. Additionally, the report conforms to the requirements of The Financial Institutions Reform, Recovery, Enforcement Act of 1989 (FIRREA), Title XI Regulations. The data and calculations leading to the market value conclusion are incorporated in the accompanying report following this letter. The report, including all assumptions and limiting conditions, is an integral part of and is inseparable from this letter.

Based upon the analyses contained within the following report, the market value for the subject 0.95 mile corridor is concluded as follows:

MARKET VALUE CONCLUSIONS				
TAX MAP #S	VALUE PREMISE	INTEREST APPRAISED	DATE OF VALUE	VALUE CONCLUSION
20 76-2-37 20 76-6-1 1 32 36-1-5 1 32 36-1-5 2 32 36-37-35 32 08-04	AS-IS	FEE SIMPLE	SEPTEMBER 7, 2007	\$220,000

Respectfully submitted,



W Douglas Alvey, MAI
General Certified Appraiser
NYS License # 46-031

SUBJECT PHOTOGRAPHS



AT-GRADE CROSSING LOOKING NORTH AT TIBBITTS AVENUE



WESTERLY VIEW OF BRIDGE OVER I-787

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ADDENDA

Aerial Photograph	
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Copy of Engagement Letter	
Qualifications of the Appraisers	

EXECUTIVE SUMMARY

PROPERTY TYPE:	0.95-mile (11.74-acre) Railroad Bed
LOCATION	North side of Tibbits Avenue in the Village of Green Island, extending southerly and then westerly to the western side of Route 32 in the Town of Colonie
HIGHEST AND BEST USE - BEFORE AND AFTER:	Transportation or Recreational Corridor
OWNER OF RECORD.	Delaware & Hudson Railway Company
INTEREST APPRAISED	Fee Simple Estate
EFFECTIVE DATE OF VALUE	September 7, 2007
DATE OF REPORT.	November 28, 2007
LAND AREA	Estimated 0.95 miles; 11.74± Acres
TAX PARCEL NUMBERS	Village of Green Island. 20.76-2-37 20.76-6-1.1 32.36-1-5.1 32.36-1-5.2 32.36-3-35 And part of 32.08-4 in the Town of Colonie
ZONING	R1 Residential, R2 Residential, Industrial
VALUATION:	
CORRIDOR SALES COMPARISON	\$220,000
ACROSS THE FENCE METHOD	\$215,000
AS IS VALUE CONCLUSION	\$220,000
MARKETING PERIOD	
Corridor Sales Approach	Less than 12 months
Across the Fence Approach	Five Years
EXPOSURE TIME.	
Corridor Sales Approach	Less than 12 months
Across the Fence Approach	Five Years

EXECUTIVE SUMMARY

SPECIAL ASSUMPTION.

It is noted as a special assumption of this report that the subject property excludes a 0.41 mile sector extending from the north side of Tibbits Avenue to Veteran's Memorial Highway. This north sector contains approximately 2.06 acres and is currently under contract with the Village of Green Island for a price of \$75,190. It is also noted that this north sector has been utilized as an improved public road since around 2004.

INTRODUCTION

IDENTIFICATION OF PROPERTY

The subject is an estimated 11.74-acre (0.95-mile) corridor containing a railroad line located in the Village of Green Island and a small portion (0.05 lineal miles) located in the Town of Colonie, Albany County, and State of New York. The railroad line has an average width of approximately 82.50 feet and currently is not in use. Adjoining lands, east and west of the subject, consist of residential and industrial parcels of land owned by private landowners and businesses. The property is further identified as Village of Green Island tax parcel numbers 20-76-2-37, 20-76-6-11, 32-36-5-51, 32-36-5-52 and 32-36-3-35, and Town of Colonie tax parcel number 32-08-4.

SALES HISTORY

Standards Rule 1-5 (b) of the *Uniform Standard of Professional Appraisal Practice* requires that an appraiser must, if the information is available in the normal course of business, analyze all sales of the subject that occurred within a three-year sales period prior to the effective date of the appraisal. Title is vested in the name of D&H Corporation. We are not aware of any other sales, listings or options of the subject property within three years of this appraisal.

INTENDED USE OF APPRAISAL

The intended use of the report is to render an opinion of market value of the referenced real property in connection with a potential purchase.

INTENDED USER

Intended user of this report is Antony Dawson and his legal representatives.

EFFECTIVE DATE OF THE APPRAISAL

The effective date of the valuation is September 7, 2007.

DATE OF THE REPORT

The date of the report is November 28, 2007.

PROPERTY RIGHTS APPRAISED

The property rights appraised consist of the fee simple interest of the subject property.

SCOPE OF WORK

The scope of work encompasses “the type and extent of research and analysis in an assignment.”¹ USPAP’s Scope of Work Rule clearly sets forth the requirements to identify the problem to be solved in an appraisal assignment as involving the following elements, which are addressed throughout this report

- Client and any other intended users
- Intended use of the appraiser’s opinions and conclusions
- Type and definition of value
- Effective date of the appraiser’s opinions and conclusions
- Subject of the assignment and its relevant characteristics
- Assignment conditions²

This appraisal of a railroad line located in the Village of Green Island and the Town of Colonie, New York has been communicated as a Summary report and it is intended to comply with Standards Rule 2-2[B] of the USPAP. As a Summary report, it describes the data, reasoning and analysis utilized to support the concluded Opinion of Value. Alvey & DiMura, Inc completed the following steps for this assignment.

EXTENT OF PROPERTY IDENTIFICATION

Alvey & DiMura, Inc. completed a thorough inspection of the property to collect the property’s pertinent physical characteristics. The subject was legally identified via its tax identification number, via assessor’s documents, D&H Corporation, track maps and a survey prepared by Clough Harbour dated July 13, 2004

EXTENT OF PROPERTY INSPECTION

Alvey & DiMura, Inc completed a thorough inspection of the property, as well as an inspection of the immediate neighborhood as of the effective date of this appraisal. As much as possible, we walked the entire stretch of the subject, excepting sections that were unsafe or inaccessible.

EXTENT OF RESEARCH

Alvey & DiMura, Inc has made an inspection of the subject’s surrounding area, referred to public records, analyzed various sources of economic data, and diligently researched the competitive market area. Regional, county, town and market area data are based upon information contained within the appraisal files of: Alvey & DiMura, Inc; which was researched and verified by brokers/realtors, developers, investors, attorneys, governmental officials, planners, and other appraisers.

¹ USPAP 2006 Edition, Page 4

² The Appraisal Journal, Volume LXXIV, Number 3, Page 233

SCOPE OF WORK

EXTENT OF THE APPRAISAL

Alvey & DiMura, Inc. thoroughly analyzed the data researched and applied it through the use of the appropriate and accepted appraisal methodology to arrive at a value indication via each applicable approach to value. This assignment considered all relevant approaches to value and the sales comparison is developed. First, a comparison of corridor sales is developed. Next, we use the 'across the fence' method to estimate an opinion of value. This method uses the values of adjacent land uses to estimate the value of the corridor. The across the fence method also assumes abutting landowners will purchase portions of the track. Alvey & DiMura, Inc. correlated and reconciled the results of the approaches to value into a credible and supportable value conclusion.

SPECIAL INSTRUCTIONS

It is our understanding that the proposed purchase of the subject corridor would also include an additional 500 foot by 17 foot (0.19 acre) area that extends from the north side of Tibbits Avenue to the Freedman yard. Although this additional sector is *not* included in the area that is the subject of this appraisal report, it represents an extension of the subject corridor. Our client has requested that we estimate a value for this area, assuming it is an extension of and will be purchased with the subject corridor. Under this assumption, and applying the per-mile and per-acre values concluded within this report via the corridor sales comparison and across-the-fence methodologies, respectively, results in an estimated value for the 0.095 mile (0.19 acre) extension of \$21,850 and \$6,650.

SPECIAL ASSUMPTIONS

There was a discrepancy between various information sources regarding the actual lineal mileage and acreage of the subject corridor. We requested, but did not receive actual definitive figures and were unable to walk certain parts of the track due to safety reasons. We were, however, provided with track maps, which included a scale of one inch to 100 feet, as well as a survey prepared by Clough Harbour dated July 13, 2004. The maps were not conclusive enough to rely upon for an accurate measurement of either lineal mileage or acreage. Using Google Earth, we mapped out the path of the railroad bed, beginning on the north side of Tibbits Avenue and ending at the west side of Route 32 (these start and end points were provided by the client). According to Google Earth's calculations, the line encompasses a total of 0.95 miles. This report assumes that our 0.95 mile estimate produced by Google Earth is correct. Of this total, 0.90 lineal miles are located in Green Island, the remaining 0.05 lineal mile is in Colonie. In addition, we relied upon information from tax maps and public records to ascertain an accurate total acreage for the property. According to these sources, the total acreage for the subject is 11.74 acres.

It is specifically noted as a special assumption of this report that the subject property excludes a 0.41 mile sector extending from the north side of Tibbits Avenue to Veteran's Memorial Highway. This north sector contains approximately 2.06 acres and is currently under contract with the Village of Green Island for a price of \$75,190. It is also noted that this north sector has been utilized as an improved public road since around 2004.

COMPETENCY RULE

We have the knowledge and experience to complete this appraisal assignment. Please see the appraiser's qualifications included in the addenda of this report.

DEFINITIONS

MARKET VALUE

The definition of market value as taken from the Uniform Standards of Professional Practice of the Appraisal Foundation and as defined in Chapter 12 Code of Federal Regulation Part 34 42(f) All other definitions taken from the *Dictionary of Real Estate, Fourth Edition (2002)*, published by The Appraisal Institute.

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby

- 1 buyer and seller are typically motivated,
- 2 both parties are well informed or well advised and acting in what they consider their best interests,
- 3 a reasonable time is allowed for exposure in the open market,
- 4 payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 5 the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale

FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat

"AS IS" VALUE

An estimate of the value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared

EXPOSURE TIME

Exposure time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at the market value on the effective date of the appraisal. Exposure time is presumed to precede the effective date of the appraisal.

DEFINITIONS

MARKETING TIME

Marketing time is defined as the amount of time it might take to sell a property interest in real estate at the estimated market value level during the period immediately after the effective date of the appraisal. This estimate can be based on one or more of the following:

- Statistical information about days on the market,
- Information gathered through sales verification,
- Interviews of market participants, and
- Anticipated changes in market conditions

PERSONAL PROPERTY

Identifiable portable and tangible objects which are considered by the general public as being "personal," e.g., furnishings, artwork, antiques, gems, and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate.

REAL ESTATE

Physical land and appurtenances attached to the land. An identified parcel or tract of land, including any improvements.

REAL PROPERTY

The interests, benefits, and rights inherent in the ownership of real estate. The bundle of rights in which the ownership in real estate is endowed.

EASEMENT

An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access of the right of way easements may be acquired by private properties or public utilities. Governments dedicate conservation, open space and preservation easements.

ACROSS-THE-FENCE METHOD

A land valuation method typically used to estimate the value of a real estate corridor, including railroad or pipeline rights of way, highways, or other corridor real estate. The price or value of land adjacent to the corridor (i.e., "across the fence") is considered for the valuation. Other considerations include corridor factor and usage factor adjustments.

DEFINITIONS

CORRIDOR VALUATION

The process of estimating market value for the corridor by evaluating characteristics of recently sold comparable corridors with those of the subject corridor

ALBANY COUNTY

Albany County lies on the west bank of the Hudson River, 150 miles north of New York City and 225 miles south of Montreal. To the east 170 miles is Boston, to the west are Syracuse, Rochester, and Buffalo along the New York State Thruway (Interstate 90) before leaving the northeast region of the United States.

The Albany International Airport is 15 minutes from downtown Albany via arterial highways, which provides passenger and airfreight services to major and commuter airlines. Rail-freight and rail passenger services are provided to the national rail system.

The Hudson deep-water channel makes the Port of Albany an inland seaport and some 10 million tons of cargo pass through port facilities and adjacent petroleum terminals annually. The port has been a cargo facility for ocean bound freighters and a natural shipping terminal for cargoes destined for the west via interstate rail, trucking or the historic canal systems of the region.

Employment

The services sector employs the highest percentage of employees in the Albany Standard Metropolitan Statistical Area (SMSA), representing 40% of total employment in 2004.

The next largest employer in terms of percentage of total is Government, employing thousands in positions within the Federal Government, local municipalities and public school districts in the County and SMSA. The leading employer in Albany County is the State of New York. Currently, roughly 42,000 are employed by City and County of Albany.

Since 1990, most of these sectors have remained relatively stable in terms of percentage of total employment, fluctuating only 2.5 percentage points or less through 2004. The services sector has shown the largest increase over the period, rising 15 percentage points from 25% of total employment in 1990 to 40% by 2002. Government, while still a major employer for the area, has decreased by 8 percentage points since 1990 and represented 23% of the employment by 2002. Following is a summary of employment by sector for the Albany SMSA.

Non-Agricultural Employment by Industry Groups, Albany SMSA*

Sector	1990	1995	1996	1998	2000	2002+	2004+
Contract Construction	3.8%	3.5%	3.4%	3.8%	4.1%	3.0%	4.0%
Manufacturing	8.0%	7.4%	8.7%	8.3%	7.9%	6.0%	6.0%
Transportation, Warehousing, Public Utilities	5.1%	5.1%	3.6%	3.7%	4.0%	3.0%	3.0%
Wholesale & Retail Trade	20.0%	20.4%	21.9%	21.3%	21.1%	15.0%	18.0%
FIRE	7.1%	7.5%	6.4%	6.3%	5.7%	6.0%	6.0%
Services & Misc	25.0%	26.4%	31.4%	31.7%	32.8%	43.0%	40.0%
Government	31.1%	29.7%	25.8%	24.9%	24.4%	24.0%	23.0%
TOTALS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*The Albany Standard Metropolitan Statistical Area includes the Albany-Troy-Schenectady Area.

+Rounded to the nearest percent.

Source: New York State Department of Labor, Division of Employment. www.albany.com 2007 Adopted Budget.

AREA ANALYSIS

As of June 2007, both Albany County and the entire Capital Region (Albany/Troy/Schenectady) had an unemployment rate of 3.9%, six percentage points lower than the 4.5% rate for New York State and significantly lower than the national unemployment rate of 4.7%. The following table shows a comparison of unemployment rates by Albany County, Albany/Schenectady/Troy MSA, and New York State from 1995 through September 2007.

Unemployment Rates 1995 through September 2007

Region	1995	2000	2005	Sep-07
Albany County	4.1%	2.8%	3.6%	3.8%
Albany/Troy/Schenectady SMSA	4.7%	3.3%	3.6%	3.7%
New York State	6.3%	4.6%	4.7%	4.4%
United States	5.6%	4.0%	5.1%	4.7%

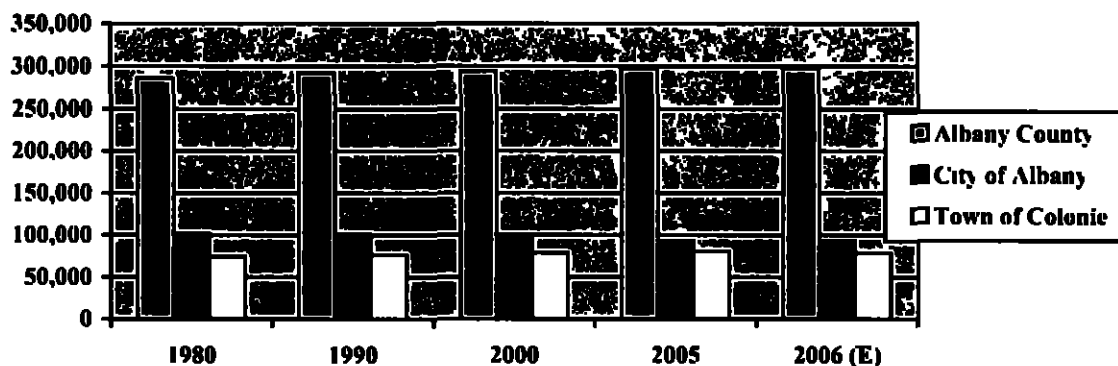
Source: New York State Department of Labor, U.S. Department of Labor Bureau of Labor Statistics, Population and Projections

According to the U.S. Census Bureau, the County of Albany had a population of 292,594 in 1990. This is a slight increase over the 1980 total of 285,909. Population remained stable through 2000, the county's population increasing only 1% to 294,565. Population for the county has increased slightly since 2000, and the 2005 and 2006 (estimated) population figures for the County are fairly stable, at 297,414 and 297,556, respectively (a 1% increase over 2000). Overall, population is forecast to be relatively stable for the next decade.

Albany is one of the Capital District's largest city municipalities, but in recent years population figures have declined. Population remained stable for the ten-year from 1980 to 1990, with total population for those years of 101,700 and 101,082, respectively. By the year 2000, the city's population was 95,658, or a 5.4% decrease from the 1990 figures. Population for the city has continued to decline through 2005, with a total population for that year of roughly 93,500, or a 2.3% decrease versus 2000, and a 7.5% decrease since 1990. According to the 1980, 1990, and year 2000 census, the town of Colonie had population recorded at 74,593, 76,494, and 79,258, respectively. The town's population increased by 2.55% between 1980 and 1990 and by 3.61% between 1990 and 2000. The population for the town of Colonie has remained fairly stable since 2000, increasing only 2% by 2005 (80,975 total) and then decreasing slightly in 2006, to an estimated 78,973, a 2.5% decrease.

POPULATION CHART - TOWN OF COLONIE, CITY & COUNTY OF ALBANY

(Source: U.S. Census Bureau)



CONSUMER PRICE INDEX

The following table depicts the average consumer price index from 1996 to May 2007

CONSUMER PRICE INDEX		
YEAR	AVERAGE	% CHANGE
1996	156 90	
1997	160 50	2 29%
1998	163 00	1 56%
1999	166 60	2 21%
2000	172 30	3 42%
2001	177.10	2 79%
2002	179 90	1.58%
2003	184 00	2.28%
2004	188 90	2 66%
2005	195 30	3 39%
2006	201 60	3 23%
2007 (THROUGH SEPTEMBER)	208 49	3 42%

Source Capital District Regional Planning Commission

The CPI has increased by 2 57% compounded annually from 1997 to 2006. As of September 2007 the average annual CPI was 208 49. The price index increased most significantly during the year 2000 (3 42%), and is reflecting a similar increase as of September, 2007. An average change from 1997 to 2006 was 2 54%. The price index's smallest increase (1 56%) was in 1998. The higher increases seen in 2005, 2006 and 2007 are in part attributable to increases in fuel prices.

CONCLUSION

The Albany metropolitan statistical area (SMSA) includes Albany, Schenectady, Montgomery, Saratoga, Rensselaer, and Greene Counties. Moderate growth is expected to continue into the foreseeable future, with Saratoga County experiencing the highest rate of growth, followed by Rensselaer and Albany Counties. Largely due to state government employment and a diverse employment base, Albany maintains a stable economy with an excellent transportation network that should result in continued demand for commercial real estate.

VILLAGE OF GREEN ISLAND

The Town and Village of Green Island encompass the same boundaries and are located along the west banks of the Hudson River, immediately south of the juncture of the Mohawk and Hudson Rivers in the north eastern sector of Albany County. A part of the metropolitan Capital District Area, Green Island is bounded by the City of Cohoes to the north, the City of Watervliet to the south, the City of Troy across the Hudson River to the east and the Town of Colonie to the West.

The Town and Village of Green Island encompass approximately one square mile with 640 total acres of land area. According to the 2000 figures for the U.S. Census Bureau, the population count was 2,278 inhabitants, representing an 8.51% decrease from the population figures of the 1990 census. However, the 2006 census figure demonstrates an 11.8% increase over 2000, as more affordable housing attracts homebuyers. The City of Albany has experienced population loss of 7.8% since 1990, while the County as a whole has grown slightly, 1.7% over the 1990 estimate. The following table illustrates recent trends in population for Green Island, the City of Albany and Albany County.

Area	1990	2000	2006
Green Island	2,490	2,278	2,546
City of Albany	101,082	95,658	93,963
Albany County	292,594	294,565	297,556

Source: U.S. Census

The Village's most appealing amenity is its strategic river location that is readily accessible to all major economic sectors of the region. Interstate 787, also known as the River-Front Arterial and which is heavily trafficked, borders the village to the west and is directly accessible to both the southern and northern sectors of the village. I-787 connects to the primary arterials of the region, the City of Albany and New York State Thruway approximately 10 miles south. The Green Island Bridge, reconstructed circa 1980, provides easy access between the village's southern sector and the downtown business and commercial sector of the City of Troy in Rensselaer County and points east. I-787 has replaced NYS Route 32, a two-lane corridor that runs along the west banks of the Hudson through Watervliet and Cohoes, as the area's primary access corridor.

The Albany County Empire Zone was designated by Governor George E. Pataki in the year 1998. In March of 2001, the Village of Green Island was added to the Empire Zone, which includes 189.50 acres of industrially zoned property. This Empire Zone is located at the confluence of the Hudson and Mohawk Rivers and south to Tibbits Avenue, in Green Island. There are approximately 160 acres available for development to include river frontage. The Village of Green Island secured funding for an access road from Interstate 787 to the former Ford Motor Plant, and in excess of \$3 million for infrastructure and improvements. Sealy Mattress Company, Inc. invested over 25 million to expand its regional facility in the Empire Zone, helping to retain approximately 200 jobs and to create an additional 260 jobs after the project completion.

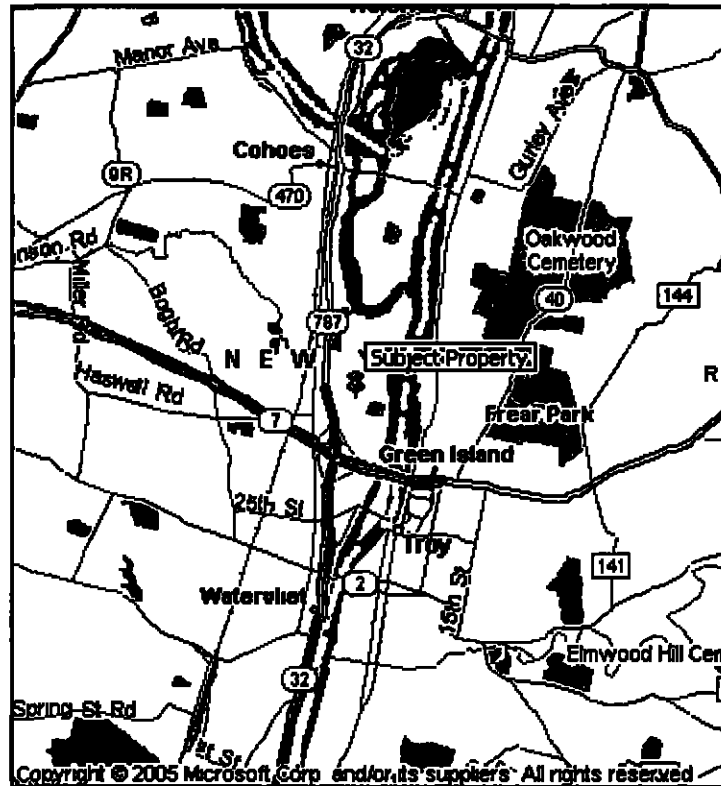
The village features an established residential community that is comprised of middle-to-low income occupants that are part of the region's skilled workforce. Heatly School provides K-12 education in one building. Structural improvements, typically, include a compatible mix of older single and multi-family dwelling units that give evidence of various degrees of deferred maintenance. Generally, real estate values within the village occupy the lower levels of the

regional market. Since properties remain affordable, occupancy rates within the village are uncommonly high and turnover relatively low.

George Street, which runs north from the Green Island bridge to the north End's Tibbits Avenue, can be regarded as the village's commercial district. Land uses include branch banks, general stores, taverns, a post office branch and various locally oriented merchants cater to essential needs of local residents. Residents rely upon primarily shopping malls in Latham/Colonie for their major shopping needs. Overall, the recent economic trends are anticipated to remain stable into the foreseeable future.

SUBMARKET AREA

A submarket is a group of complementary land uses³. The boundary of a physical area that influences the value of a property identifies a neighborhood. Delineation of these boundaries can be physical features, population characteristics, and land uses. The subject is located in the northeast sector of the Village of Green Island. The submarket is bounded by the City of Cohoes to the north, the City of Watervliet to the south, the City of Troy across the Hudson River to the east, and the Town of Colonie to the west.



LINKAGES

The submarket is serviced by Interstates 87, 90 and 787, along with New York State Routes 32 and 2 and 155. These roads provide good linkages to other major interchanges throughout the region. This highway system includes the New York State Thruway, Interstate 90, and Interstate 87 (The Adirondack Northway). The New York State Thruway connects the region with New York City 150 miles south, Buffalo 280 miles west, and intersects the Massachusetts Turnpike to the east. The Adirondack Northway connects the Canadian Highway System and markets to the north. Accessibility to the submarket provided by this interstate system is rated good.

³ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, page 163

LAND USES

The cities in the submarket are in a revitalization stage of their lifecycle and the surrounding suburban towns are in the growth stage of their life cycles

Land uses that comprise submarkets and districts typically evolve through four stages. The four stages of submarkets and districts life cycle (pattern) are as follows

1. Growth - a period during which the submarket gains public favor and acceptance
2. Stability - a period of equilibrium without marked gains or losses
3. Decline - a period of diminishing demand
4. Revitalization - a period of renewal, modernization, and increasing demand ⁴

The subject is located in an area of heavy residential and industrial uses, and a few general commercial properties. North of Tibbits Avenue is the new Industrial Park, with industrial properties along Cohoes Avenue and Veterans Memorial Drive. From Tibbits Avenue to the subject's end point, the corridor is neighbored by a combination of industrial and residential properties, at an estimated mix of 60% industrial and 40% residential use.

VALUE TRENDS/SUPPLY AND DEMAND

The subject neighborhood is in the revitalization stage of its lifecycle.

CONCLUSION

The subject has a good location with good proximity to Route 32 and Interstates 87, 90 and 787. This submarket has good linkages and is in the revitalization stage of its life cycle. The subject has good locational characteristics for a transportation or recreational corridor.

⁴ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, page 166

PROPERTY DESCRIPTION

SITE ANALYSIS

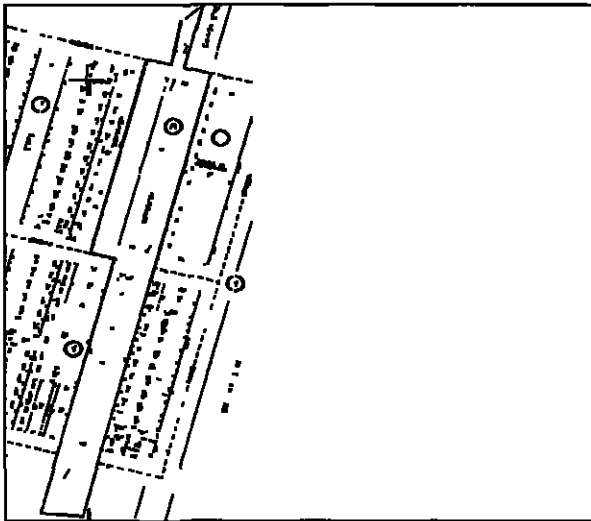
LOCATION

The property begins in Green Island, at the north side of Tibbits Avenue, extend in a southerly direction, and then westerly across I-787 and Route 32, ending at the west side of Route 32

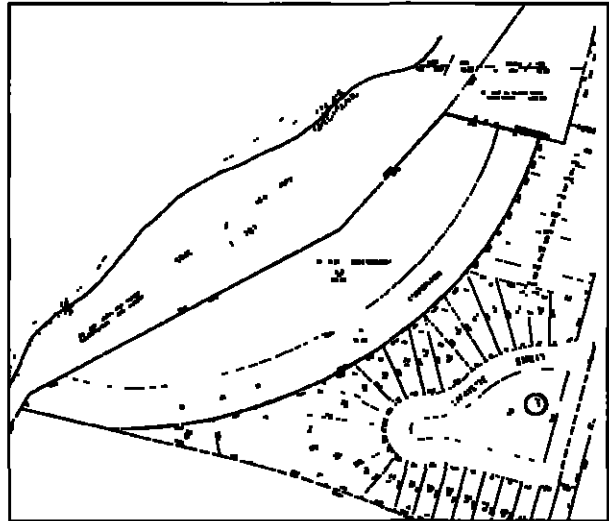
TAX PARCEL NUMBERS

The Albany County tax parcel numbers are

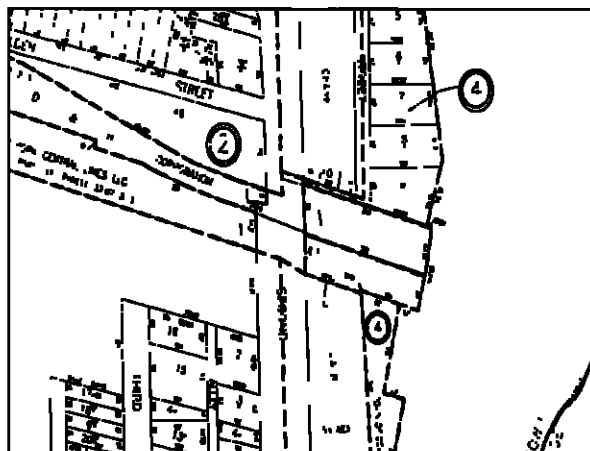
TAX MAP – SOUTHERN SECTION



TAX MAP – NORTHERN SECTION



TAX MAP – COLONIE SECTION



PROPERTY DESCRIPTION

LAND AREA

According Google Earth, the subject contains 0.95 lineal miles. According to town records, the subject contains a total of 11.74 acres.

SHAPE/FRONTAGE

The subject is a 0.95-mile railroad corridor with tracks. It has a long narrow shape extending in a southerly direction from Tibbits Avenue, and curves westward at the southern section across Routes 787 and 32.

TOPOGRAPHY

The subject site's topography is generally level, with overgrowth along much of the corridor. The subject includes two bridges, one over Interstate 787, the other over Route 32.

SOIL CONDITIONS

There are adequate soil and subsoil conditions to support development, based on surrounding properties.

UTILITIES

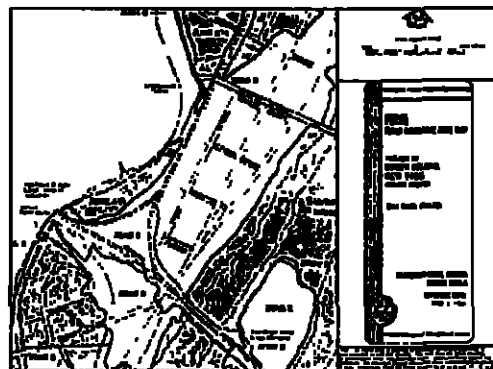
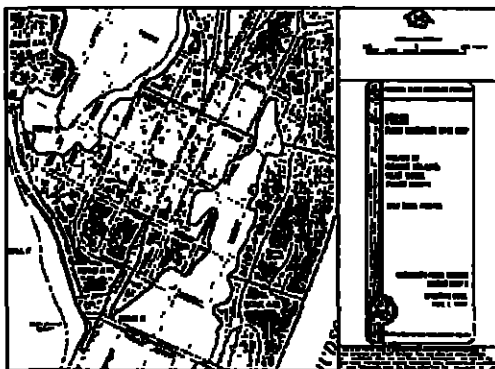
All municipal utilities are available.

EASEMENTS AND ENCROACHMENTS

There are no known adverse easements or encroachments identified that would impact the marketability or highest and best use of the site.

FLOOD ZONE

FEMA Flood Map 360009 0001 B, dated June 4, 1980 shows that the subject is located runs through zones A14, B and C. Zone A14 is an area of 100 year flood. Zone B is between the limits of 100 year and 500 year flood, and Zone C is a minimum flooding area.



PROPERTY DESCRIPTION

ACCESS

Access to the subject via Route 787 and Tibbits Avenue is rated good for roadbed or recreational corridor use

BRIDGES

The subject property contains two bridges one crosses over I-787, the other over Route 32 Both are now closed, and the bridge over Route 32 is in severe disrepair.

DETRIMENTAL CONDITIONS

The subject's topography, which includes a flood zone, and its long narrow shape are detrimental conditions that affect the site's marketability and market value for industrial, commercial or residential uses Industrial, commercial or residential development would not be feasible unless purchased by an adjacent owner The subject's long narrow shape, however, is a condition that makes the site valuable for use as a roadbed right of way or a recreational corridor

CONCLUSION

The subject has an average location and access to major thoroughfares Due to its long narrow shape, the subject property's highest and best use is for roadbed/recreational corridor use and/or for assemblage to an adjacent owner

REAL PROPERTY ASSESSMENT AND TAXES

REAL PROPERTY ASSESSMENT AND TAXES

The subject is located in the City of Cohoes. Its real estate assessments, taxes, and equalization rates are analyzed below:

TAX PARCEL NUMBER	MUNICIPALITY	LAND ASSESSMENT	TOTAL ASSESSMENT	TOTAL TAX RATE	ANNUAL TAX BURDEN*
20.76-6-1.1	VILLAGE OF GREEN ISLAND	\$18,193	\$18,193	\$5.57/\$1,000	NA
20.76-2-37	VILLAGE OF GREEN ISLAND	\$2,600	\$2,600	\$5.57/\$1,000	NA
32.36-3-35	VILLAGE OF GREEN ISLAND	\$500	\$500	\$5.57/\$1,000	NA
32.36-1-5.1	VILLAGE OF GREEN ISLAND	\$3,750	\$3,750	\$5.57/\$1,000	NA
32.36-1-5.2	VILLAGE OF GREEN ISLAND	\$5,000	\$5,000	\$5.57/\$1,000	NA
32.08-4	TOWN OF COLONIE	\$91**	\$91	\$58.44/\$1,000	NA

*The subject is owned by Delaware & Hudson Corporation, a not-for-profit organization, and is exempt from paying school and property taxes. **Estimated, per Assessor at the town of Colonie, this would be assessed at a rate of \$15,000 per acre and this piece of land comprises 0.006 acres.

EQUALIZATION

The equalization rate for the Village of Green Island is 5.60% and the equalization rate for Colonie is 61.01%.

ZONING

The subject runs through several zoning districts as follows: R1 Residential, Industrial, R2 Residential and a small commercial section.

HIGHEST AND BEST USE

Highest and best use is defined as

the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value⁵

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability

Highest and best use analysis is a study of market forces that is focused on the subject property. Market forces create value, therefore, the interaction between market forces and highest and best use is critically important. In estimating market value, highest and best use analysis identifies the most profitable, competitive use to which the subject property can be put. It is a market-driven concept based on competition and is the basis for all valuations.

The highest and best use for the land as if vacant forms the basis for the land value component in the cost approach. Analyzing the highest and best use as improved addresses whether the existing improvements should be maintained, adapted, or demolished. It also plays an important role in the selection of comparable sales. If a change in highest and best use of the site or property is anticipated in the near future, the current use may be considered an interim use.

Transportation corridors are special-use properties. They are devoted to or are available for utilization for special uses not usually found in the traditional real estate market. Existing corridors are not commonly bought and sold in the market. In corridors, the land and not the improvements are unique and constitute a special use. Long narrow strips of land, which provide continuity between desirable end points, are not ordinarily available in the usual subdivision of land uses. A corridor's value is its ability to connect two points with resulting benefits or economic advantage to a variety of users.

Roadbeds and railroad corridors can accommodate a wide variety of uses including public and private transportation, various types of utilities and recreational uses. Corridors have been used for pipelines for natural gas, oil and refined fuels, fiber optics lines, water and storm sewer lines, cable and television lines, coal slurry lines, sanitary sewer lines, and telephone facilities.

HIGHEST AND BEST USE AS VACANT

The highest and best use of the site as though vacant specifically assumes a property is vacant or can be made vacant through demolition of the existing improvements. The subject's highest and best use as though vacant is examined in light of the four highest and best criteria, which are more completely described below.

⁵ The Appraisal of Real Estate, Eleventh Edition, Appraisal Institute, page 297

LEGAL PERMISSIBILITY

Private restrictions, zoning, building codes, historic district controls, and environmental regulations may limit the development and potential of a particular parcel of real estate. There are no known private restrictions, historic district controls, or environmental regulations, which would unduly restrict development of the subject site. The location of the site within a flood zone would probably necessitate flood insurance for any development.

PHYSICAL POSSIBILITY

Size, shape, topography and area affect the uses to which land may be developed. Size, shape, and area affect the uses to which land may be developed. The subject has a long and narrow shape. Based upon its shape, the utility and potential uses of the site are limited. Industrial, commercial or residential development would not be feasible unless purchased by an adjacent user for assemblage, which at this point seems to be highly speculative and unrealistic. The subject's use as a transportation or recreational corridor is physically feasible.

FINANCIAL FEASIBILITY

The financial feasibility of a specific property is market driven, and is influenced by its surrounding land uses. Uses that meet the first two criteria are evaluated to determine which are likely to produce a positive return upon investment. Based on the subject's location and physical characteristics, use as a transportation or recreational corridor is the most likely financially feasible option.

MAXIMUM PROFITABILITY

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination is the maximum productive use. Use of the site as a roadbed and recreational corridor is the probable use that would bring the maximum return to the land. It is unreasonable to assume that the adjacent landowners would be likely purchasers of the subject for assemblage due to the width of the subject and its usefulness to them as a roadbed. The site's physical characteristics limit other types of development.

VALUATION PROCESS

The valuation process is a systematic procedure employed to provide the answer to an intended user about the value of real property. In appraisal assignments to estimate market value, the appraiser analyzes the property from three different viewpoints that correspond to the three traditional approaches to value. In appraisal practice, one or more of these approaches are employed depending on the property type being appraised, use of the appraisal, and the quality and quantity of available market data for analysis. The three distinct methods of valuation are; cost, sales comparison, and income capitalization.

The three traditional approaches to value are summarized in The Appraisal of Real Estate, Twelfth Edition, *Appraisal Institute*, pages 63 - 65, as

COST APPROACH

The current cost of reproducing or replacing the improvements, minus the loss in value from accrued depreciation, plus site value.

SALES COMPARISON APPROACH

The value indicated by recent sales of comparable properties in the market.

INCOME CAPITALIZATION APPROACH

The value of a property's earning power based upon the capitalization of its income.

The application of each approach is discussed further in the appropriate sections of the report.

METHODOLOGY APPLIED

In the valuation of the subject property, the sales comparison approach is employed. This approach is appropriate since there is comparable sale data available to compare to the subject property. The income approach is not used because investors who buy properties like the subject use the sales comparison approach in their decision making process. The cost approach is not developed since there are no improvements on the subject property. Two methods of the sales comparison approach are utilized herein: Corridor Sales Comparison, and Across the Fence Valuation. In the Corridor Sales Comparison method, similar transportation corridor sales are analyzed and compared with the subject. The Across the Fence Valuation method assumes that the adjacent landowners would be likely purchasers of the subject. The appraiser does not consider this method to be very meaningful, as it is unreasonable to assume that adjacent landowners would be interested in purchasing a small piece of a railroad bed that would have no utility to them, especially given the characteristics of the land where this bed lies. However, the client has requested this method be presented in this report. In the final reconciliation, the Corridor Sales Valuation method is given primary emphasis.

LAND VALUATION – CORRIDOR SALES COMPARISON

The subject is a 0.95-mile +/- transportation corridor containing a railroad bed with rails and ties in tact. The subject contains approximately 11.74 acres, according to public records, and an estimated average width of approximately 82.50 feet. Primary demand is likely to come from a local municipality, conservation organization or an abutting landowner.

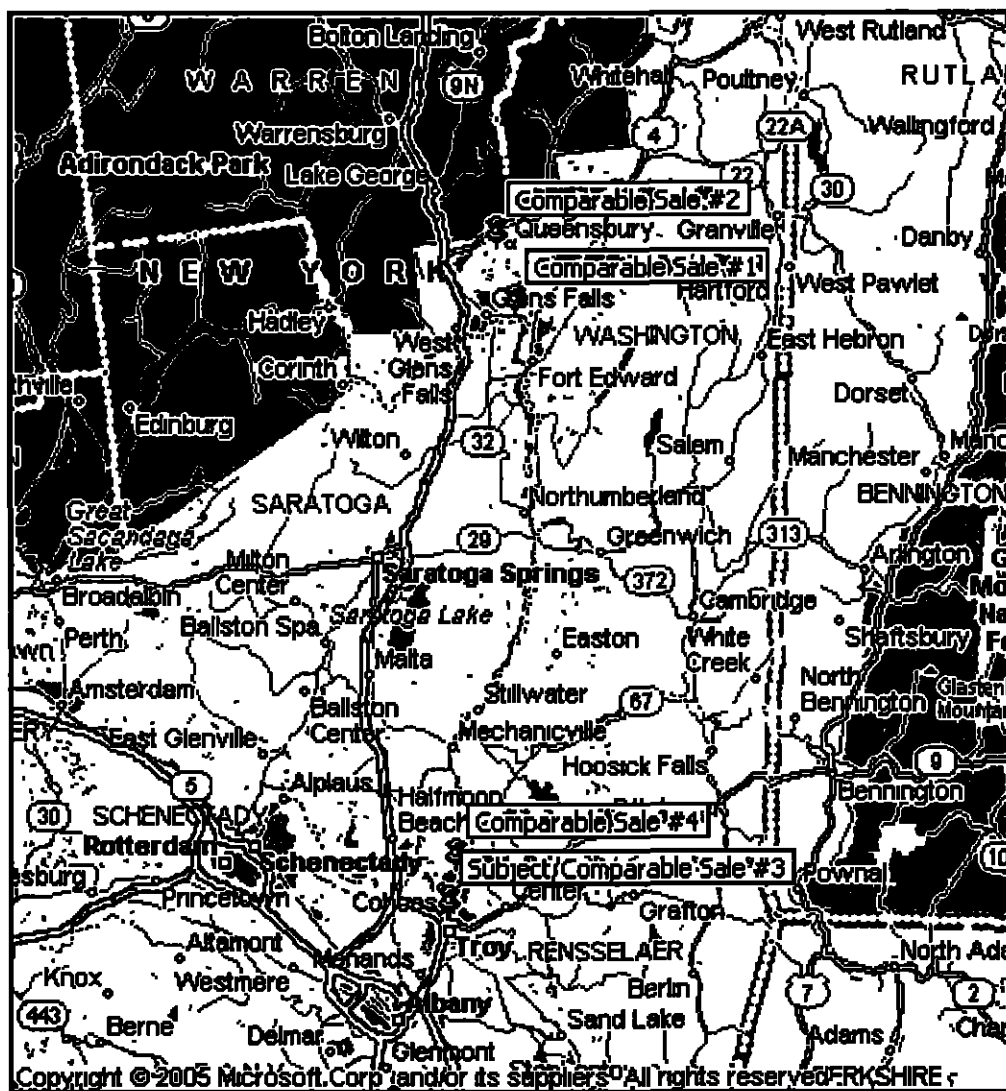
An investigation in the greater capital region, including Albany, Rensselaer, Saratoga, Schenectady, Montgomery, Fulton, Schoharie, Green, Columbia, Dutchess, Delaware, Ulster and Warren Counties revealed a limited number of recent corridor property sales, which have occurred within the last several years. These sales, which have some degree of comparability with the subject, include active railroad corridor sales, abandoned railroad sales and roadbeds. The sales found in the following table are considered the most competitive corridor sales to compare to the subject property. Like the subject, they are located in the greater capital region. The sales are abandoned railroad corridors with rails and ties removed, located in the greater capital region.

COMPARABLE CORRIDOR SALES							
NO	LOCATION	DATE	SALE PRICE	SIZE ACRES	SIZE MILES	PRICE/ ACRE	PRICE/ MILE
1	LEONARD STREET TO QUAKER ROAD, GLENS FALLS AND QUEENSBURY, WARREN COUNTY	1/15/96	\$250,000	13.60 ACRES	1.67 MILES	\$18,382	\$149,701
2	PLATT STREET TO LEONARD STREET, GLENS FALLS, WARREN COUNTY	8/23/99	\$34,400	2.24 ACRES	0.27 MILES	\$15,357	\$127,407
3	CANNON STREET, VILLAGE OF GREEN ISLAND, ALBANY COUNTY	6/21/04 & 1/30/04	\$329,960	9.04 ACRES	1.18 MILES	\$36,500	\$279,627
4	DELAWARE AVENUE, CITY OF COHOES, ALBANY COUNTY	12/29/04	\$85,000	5.70 ACRES	0.67 MILES	\$14,912	\$126,866

The above sales show a range in sale prices from \$14,912 to \$36,500 per acre with an average sale price of \$21,288 per acre and from \$126,866 to \$279,627 per mile with an average sale price of \$170,900 per mile. Sale 1 and Sale 2, which connect to each other via an adjoining street, were purchased by Warren County to create a bike path. Sale 3 involves a purchase and a contract to purchase by the Village of Green Island to create a municipal road. Sale 4 was purchased by the Open Space Conservancy, Inc. to create a recreational trail.

LAND VALUATION – CORRIDOR SALES COMPARISON

COMPARABLE SALES LOCATION MAP



LAND VALUATION – CORRIDOR SALES COMPARISON

RAILROAD CORRIDOR SALE NO.1 FILE NO. 3613

Address Extending from Leonard Street in Glens Falls to Quaker Road in Queensbury
Tax Map No Glens Falls 303 12-3-32, 303 13-1-34 and 303.13-8-54, 303 13-8-54, 303 13-18-8,
303 17-4-9 and Queensbury 302 07-1-62
Town Glens Falls and Queensbury County Warren State New York
Deed Date 1/15/96 Book 1144 Page 92
Stamps N/A Sale Price \$250,000 Unit Price \$18,382/acre \$149,701/mile
Grantor Delaware and Hudson Railway, Inc Address 200-Route 146, Clifton Park, NY 12065
Grantor County of Warren Address 1340 State Route 9, Lake George, NY
Miles: 1.67 Acres 13.60
Zoning Residential, Commercial and Light Industrial Utilities All municipal utilities
Highest and Best Use Recreational Corridor Vrfy Assr By A, C. & D, D & H Railroad, Warren
County Parks and Recreation, Warren County Real Property Division
Fin Typical- Does not affect sale price Condition of Sale Normal

COMMENTS:

This sale runs the southerly side of Quaker Road, in the southern quadrant of the Town of Queensbury to the westerly bounds of Leonard Street in Glens Falls. It is located between Quaker Road and Leonard Street on the south side of a recreational bridge, which crosses Quaker Road in Queensbury, three miles east of exit 19 on Interstate 87. At the time of sale, it was an abandoned railroad bed with rails and ties removed. Portions of the site are above grade compared with surrounding land. The sale's average width is approximately 65 feet. This parcel connects to the northern side of the Warren County Bike Trail via a pedestrian bridge, which spans Quaker Road. At the time of sale, the Warren County Bike Trail was an existing bike path extending from Quaker Road to the Adirondacks. According to Warren County and D&H Railroad, D&H Railroad did not reserve any easement rights on this parcel.

LAND VALUATION – CORRIDOR SALES COMPARISON

SALE 1 PHOTOGRAPHS



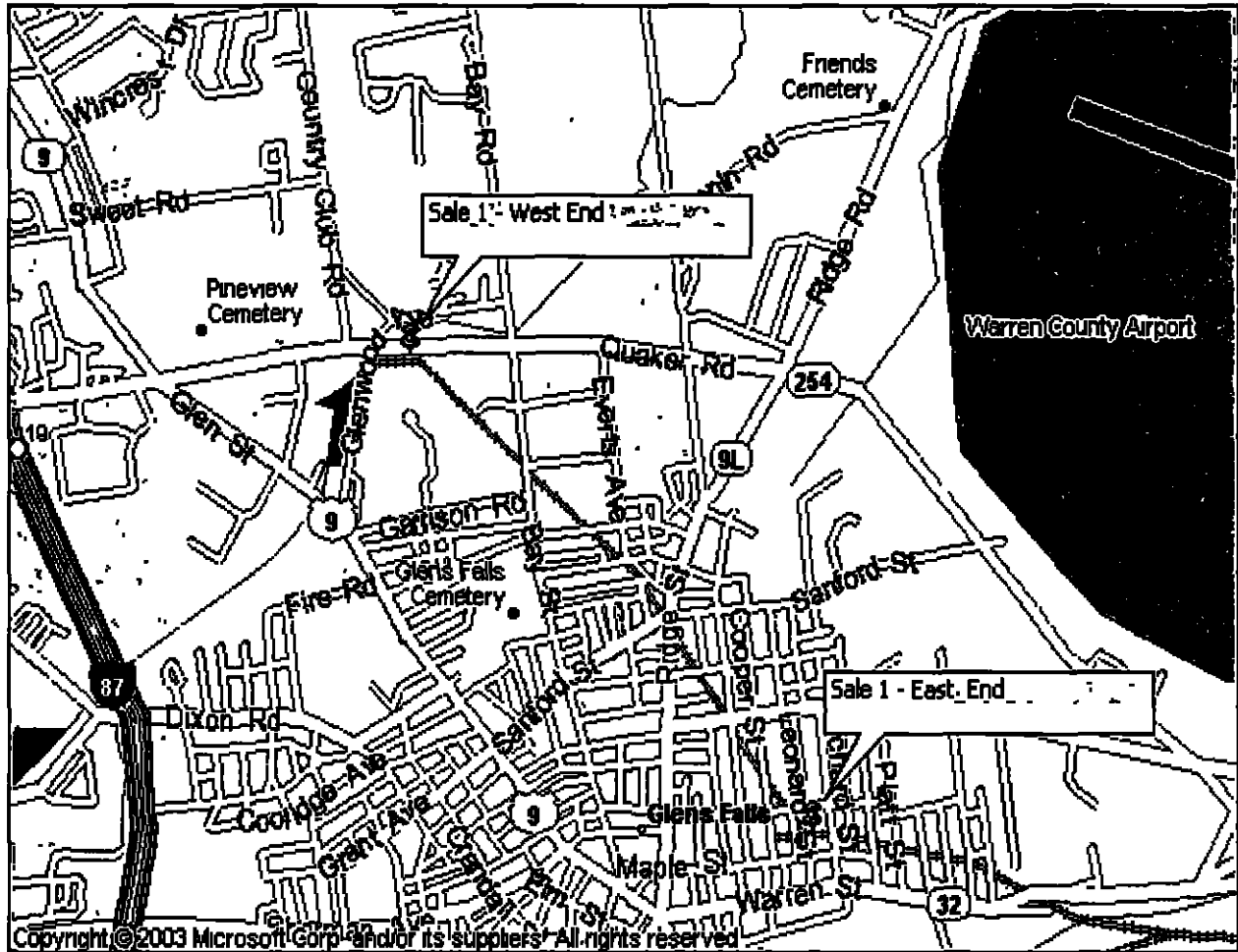
NORTHERN END OF SALE 1, LOOKING SOUTHERLY FROM QUAKER ROAD



SOUTHERN END OF SALE 1 ON NORTHERN END OF LEONARD STREET

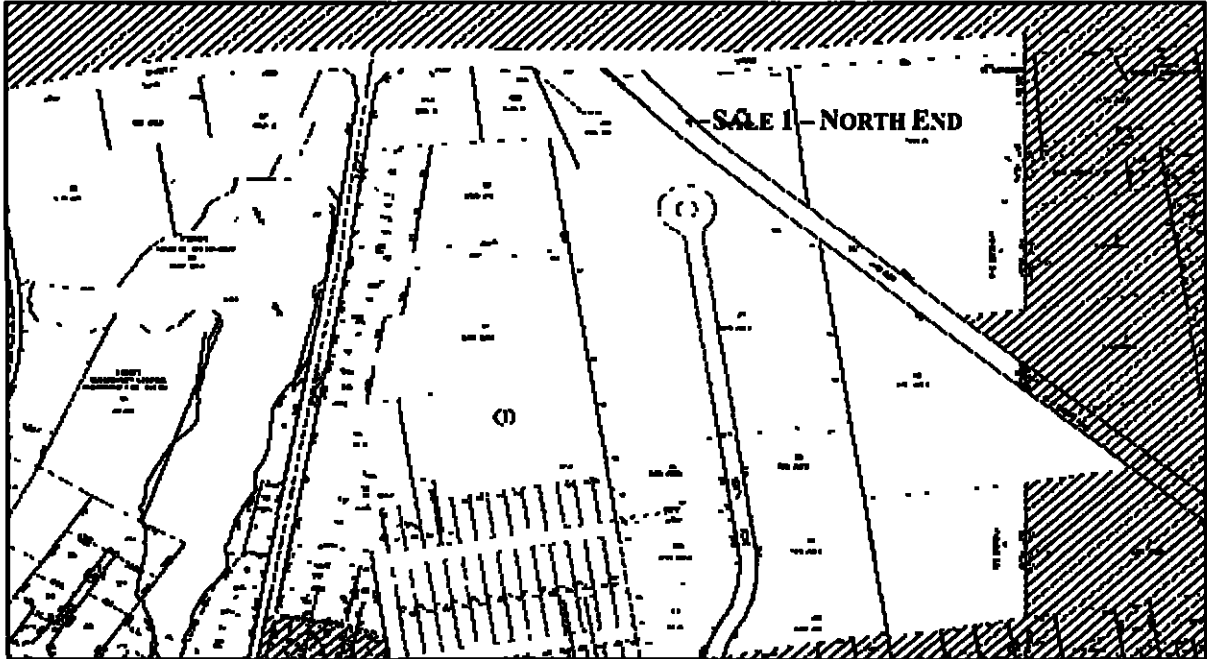
LAND VALUATION - CORRIDOR SALES COMPARISON

SALE 1 - LOCATION MAP

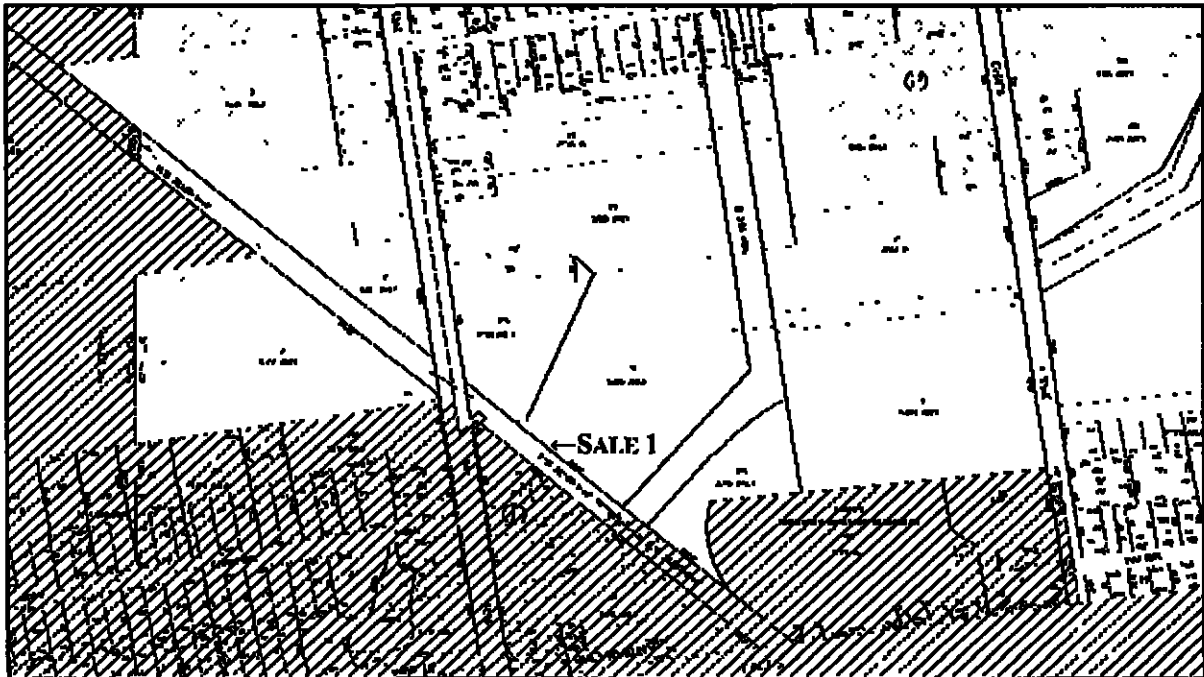


LAND VALUATION – CORRIDOR SALES COMPARISON

**TAX MAP SALE 1
TAX MAP 302.07, QUEENSBURY
NORTH END OF SALE 1 - QUAKER ROAD**

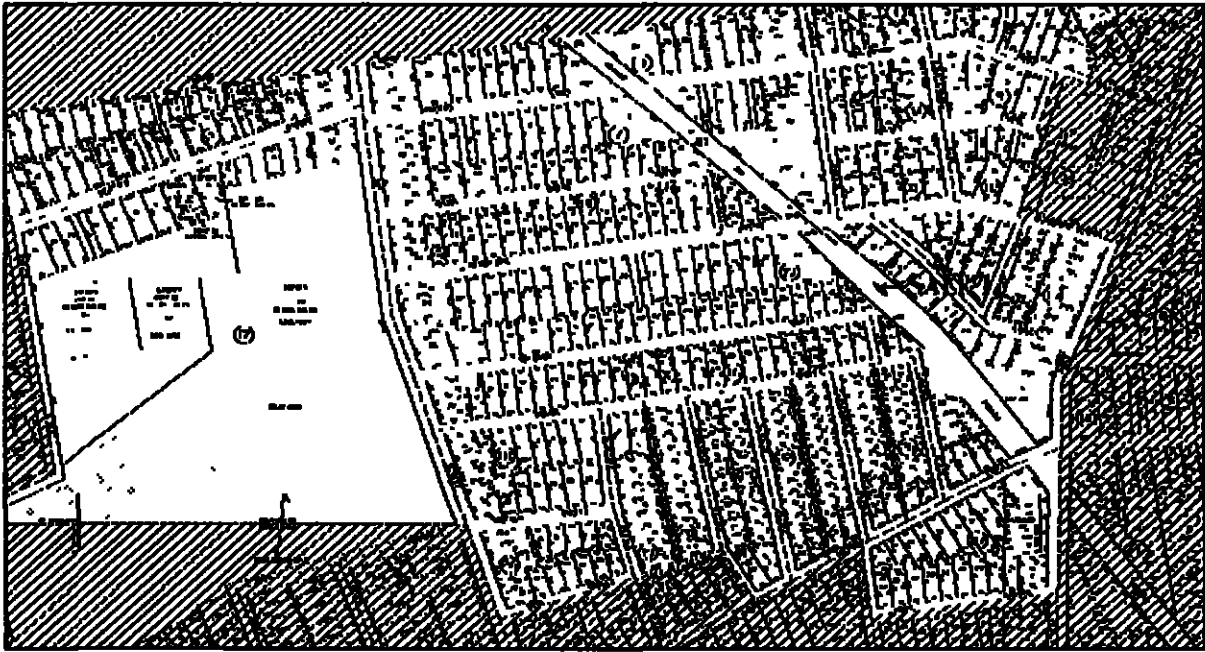


**TAX MAP 32.08, QUEENSBURY
SALE 1 CROSSES BAY ROAD**



LAND VALUATION – CORRIDOR SALES COMPARISON

TAX MAP 302.12, GLENS FALLS DOUGLAS STREET TO SANFORD STREET

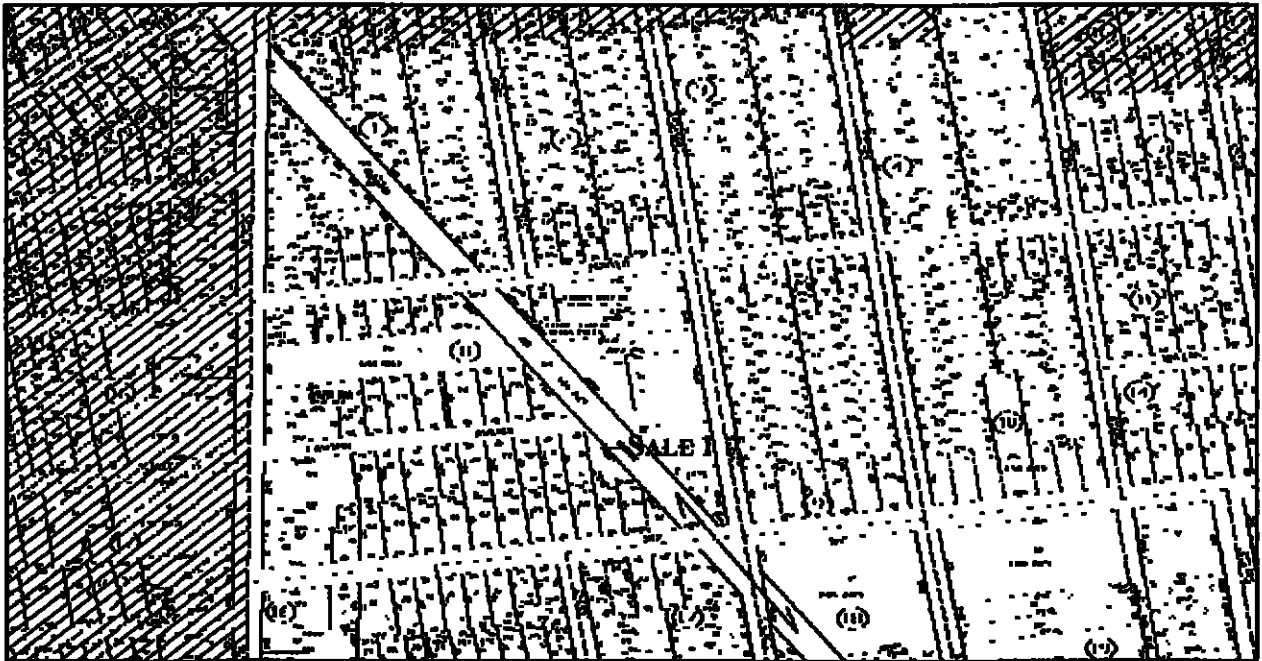


TAX MAP 303.09, GLENS FALLS SALE 1 CROSSES SANFORD STREET

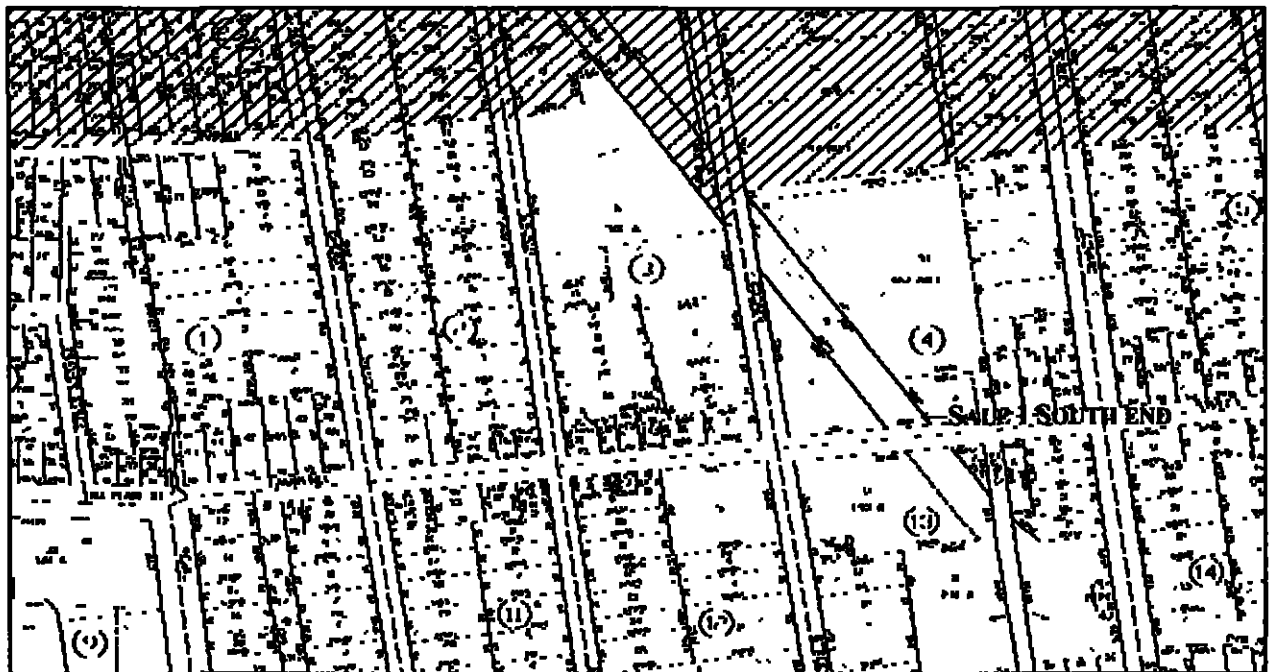


LAND VALUATION - CORRIDOR SALES COMPARISON

TAX MAP 302.13, GLENS FALLS SANFORD TO DIX AVENUE



TAX MAP 303.17, GLENS FALLS LEONARD STREET TO PLATT STREET - SOUTH END OF SALE 1



LAND VALUATION – CORRIDOR SALES COMPARISON

RAILROAD CORRIDOR SALE NO.2 FILE NO. 3613

Address Extending from Leonard Street to Platt Street
Tax Map No : 303 18-5-18
Town Glens Falls County Warren State New York
Dced Date 8/23/99 Book 1130 Page 192
Stamps N/A Sale Price \$34,400 Unit Price \$15,357/acre \$127,407/mile
Grantor Delaware and Hudson Railway, Inc Address 200 Route 146, Clifton Park, NY 12065
Grantee County of Warren Address 1340 State Route 9, Lake George, NY
Miles: 0.27 Acres 2.24
Zoning Residential, Commercial and Light Industrial Utilities All municipal utilities
Highest and Best Use Recreational Corridor Vrfy Assr By A. C. & D. D & H Railroad.
Warren County Parks and Recreation, Warren County Real Property Division
Fin Typical- Does not affect sale price Condition of Sale Normal

COMMENTS:

This sale is located in the eastern quadrant of the Town of Glens Falls and runs the easterly side of Leonard Street to the westerly bounds of Platt Street. At the time of sale, it was an abandoned railroad bed with rails and ties removed. Portions of the site are above grade compared with surrounding land. Its average width is approximately 65 feet. This parcel is a segment of the Warren County bike trail. According to Warren County, and D&H Railroad, D&H Railroad did not reserve any easement rights on this parcel.

LAND VALUATION – CORRIDOR SALES COMPARISON

SALE 2 PHOTOGRAPHS



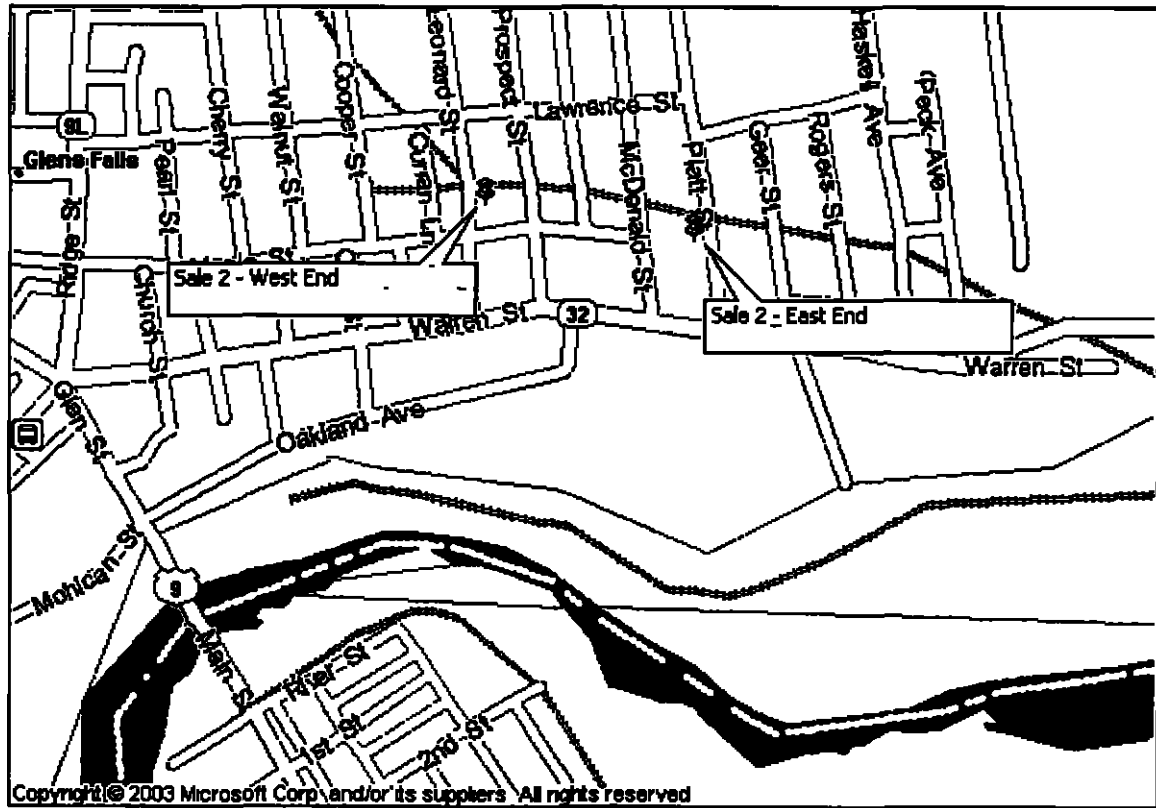
PLATT STREET LOOKING WESTERLY



PROSPECT STREET LOOKING EASTFRLY

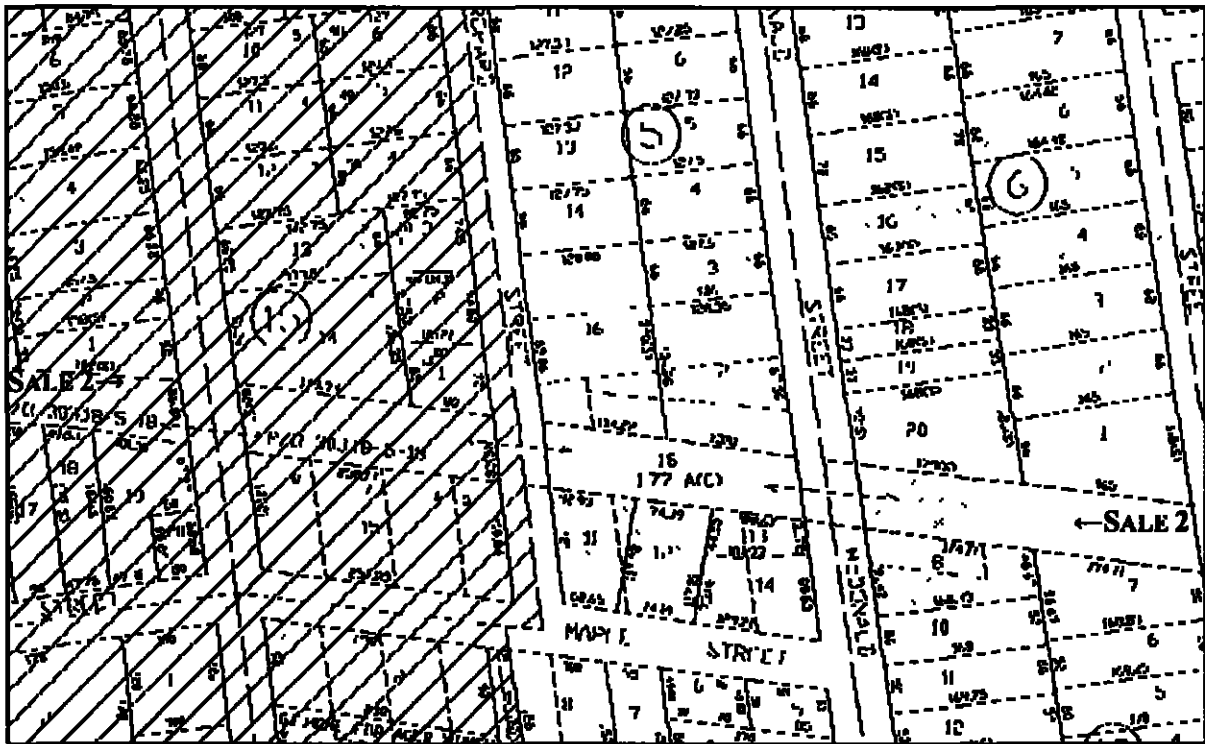
LAND VALUATION – CORRIDOR SALES COMPARISON

SALE 2 - LOCATION MAP



LAND VALUATION - CORRIDOR SALES COMPARISON

TAX MAP SALE 2



LAND VALUATION – CORRIDOR SALES COMPARISON

RAILROAD CORRIDOR SALE NO.3 FILE NO. 3613

Address Cannon Street Tax Map No Portion of Tax Map 21 09-1-1 & 21 13
Town Village of Green Island County Albany State New York
Sale Date 1/30/04 & 6/21/04 Book 273 Page 2201
Stamps _____ Sale Price \$329,960* Unit Price \$36,500/acre \$279,627/mile
Grantor Delaware and Hudson Railway, Inc. Address 200 Route 146, Clifton Park, NY 12065
Grantee Village of Green Island Address 20 Clinton Street, Green Island 12183
Miles 1.18 Acres 9.04 (2.06 and 6.98)
Zoning Industrial Utilities Municipal water, sewer, electric, natural gas
Highest and Best Use Recreational Corridor Vrfy Assessor A, C & D, D&H Railroad, Assessor
Financing Typical- Does not affect sale price Conditions of Sale Normal

COMMENTS:

This corridor is located north of Tibbits Avenue, on the northeastern side of the Village of Green Island. It is a former railroad bed, with an approximate width of 82.50 feet, now known as Cannon Street. The sale was transacted in two phases, however, both segments were purchased with the same intent; therefore, they are included together in this analysis. The topography is at grade level. The corridor extends from Tibbits Avenue north to Veteran's Memorial Drive and the Mohawk River. This parcel is located in "Island Park", an industrial park, which is in an Empire Zone. Properties located in an Empire Zone receive benefits from governmental agencies such as tax incentives. According to D&H Railroad, D&H Railroad did not reserve any easement rights on this parcel.

1/30/04	\$ 75,190	2.06 acres	0.41 miles	(Under contract with the Village of Green Island)
6/21/04	\$254,770	6.98 acres	0.77 miles	
Total	\$329,960	9.04 acres	1.18 miles	

LAND VALUATION – CORRIDOR SALES COMPARISON

SALE 3 PHOTOGRAPHS

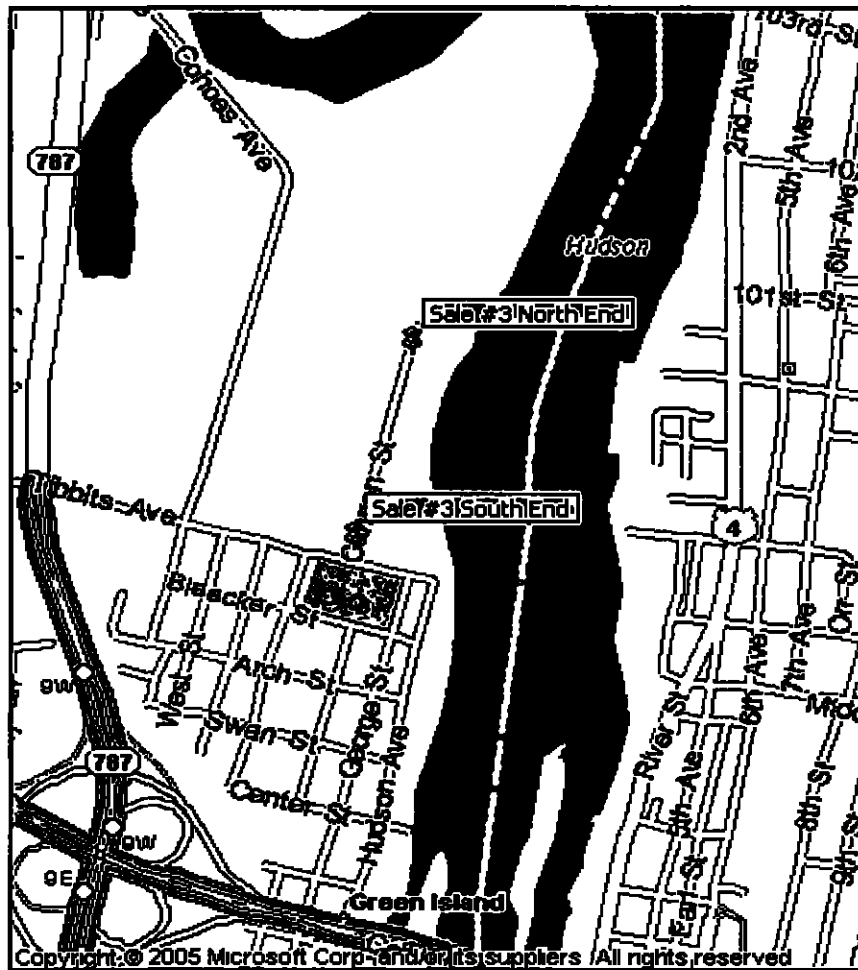


CANYON STREET LOOKING NORTHERLY FROM VETERAN'S MEMORIAL DRIVE



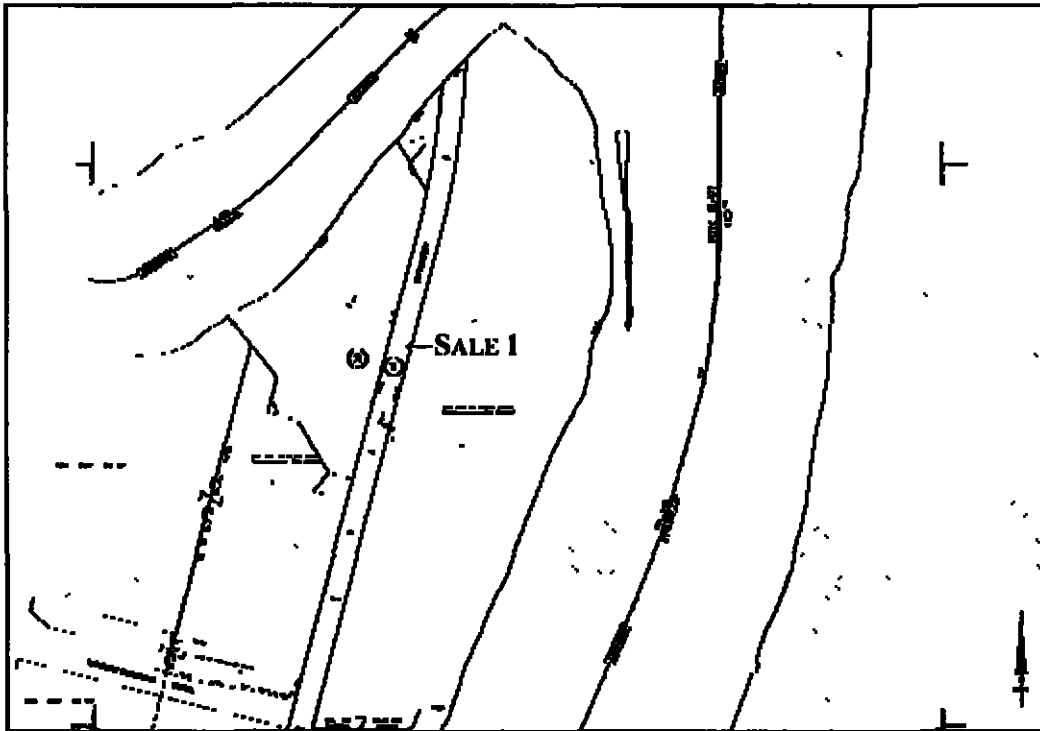
AT INTERSECTION OF TIBBITS AVENUE AND CANNON STREET LOOKING NORTHERLY

SALE 3 - LOCATION MAP



LAND VALUATION – CORRIDOR SALES COMPARISON

TAX MAP SALE 3



LAND VALUATION – CORRIDOR SALES COMPARISON

RAILROAD CORRIDOR SALE 4 FILE NO.3613

Address Extending from Delaware Avenue to Ontario Street Tax Map No 11 17-3-1
City Cohoes **County** Albany **State** New York
Deed Date December 29, 2004 **Book** 2788 **Page** 904
Stamps N/A **Sale Price** \$85,000 **Unit Price** \$14,912/acre \$126,866/mile
Grantor Delaware and Hudson Railway, Inc **Address** 200 Route 146, Clifton Park, NY 12065
Grantee Open Space Conservancy, Inc **Address** 1350 Broadway, New York, NY 10018
Miles 0.67 **miles Acres** 7.50 **Zoning** Industrial **Utilities** Water, Sewer, Electric, No Gas
Highest and Best Use Recreational Corridor **Vrfy** Assr By A, C & D, D&H Railroad, Open
Space Institute, City of Cohoes
Fin Typical- Does not affect sale price **Condition of Sale** Normal

COMMENTS:

This parcel is located south of Ontario Street (Route 470), on the eastern side of Van Schaick Island. It extends from Ontario Street south to the Mohawk River and includes the bridge, which connects Van Schaick Island to the Village of Green Island. Sale 4 is a 0.67-mile corridor containing an abandoned railroad bed, with rails and ties removed, and a roadbed known as Delaware Avenue, located on Van Schaick Island in the City of Cohoes, Albany County, and State of New York. On this sale's western side is the Van Schaick Country Club. On the eastern side of Delaware Avenue are light industrial buildings some of which appear to be abandoned. Delaware Avenue is currently being revitalized. Site and foundation work is in progress for the 105-unit Admiral's Walk condominiums and marina. Other proposed development along Delaware Avenue south of Ontario Street includes the 148-unit Captain's Lookout condominium project and a proposed retail, restaurant, banquet center on another site. The topography is at or above grade level. The width of the roadbed is approximately 82.5 feet. The most southern section of the parcel near the bridge and the abandoned railroad bed is mostly overgrown. There are limited views of the Hudson River, which borders Delaware Avenue on the east. This parcel represents a segment in a recreational trail that the Open Space Institute intends to use as a bike and walk path that would connect Van Schaick Island, north to Peebles Island and south to Green Island. According to the City of Cohoes, this "greenway" purchase would enhance this portion of Van Schaick Island where Van Schaick Mansion, a revolutionary war historical site is also located. According to D&H Railroad, D&H Railroad did not reserve any easement rights on this parcel.

LAND VALUATION – CORRIDOR SALES COMPARISON



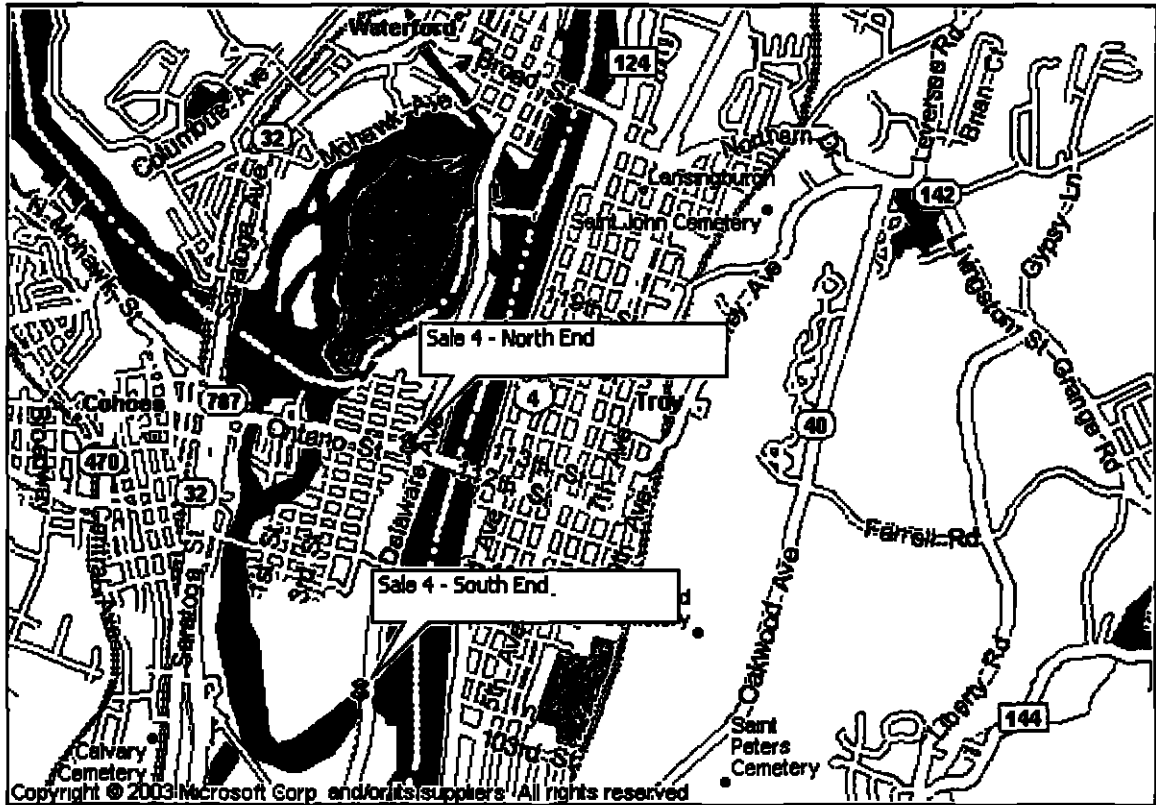
INTERSECTION OF ONTARIO STREET AND DELAWARE AVENUE LOOKING SOUTH



SOUTH END OF DELAWARE AVENUE LOOKING SOUTHERLY TOWARD THE MOHAWK RIVER

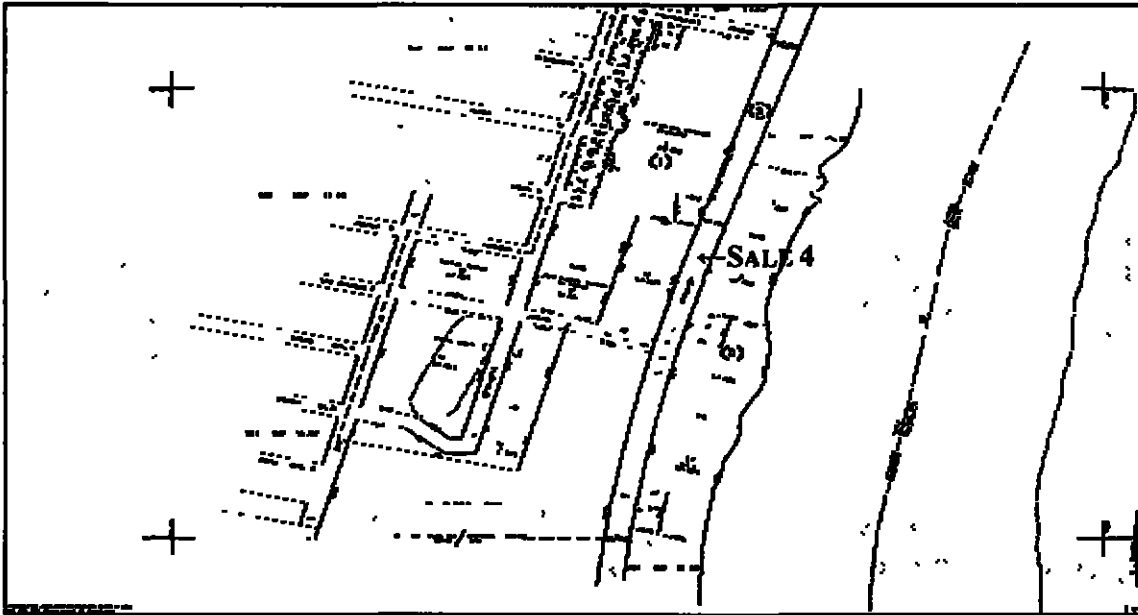
LAND VALUATION – CORRIDOR SALES COMPARISON

SALE 4 - LOCATION MAP

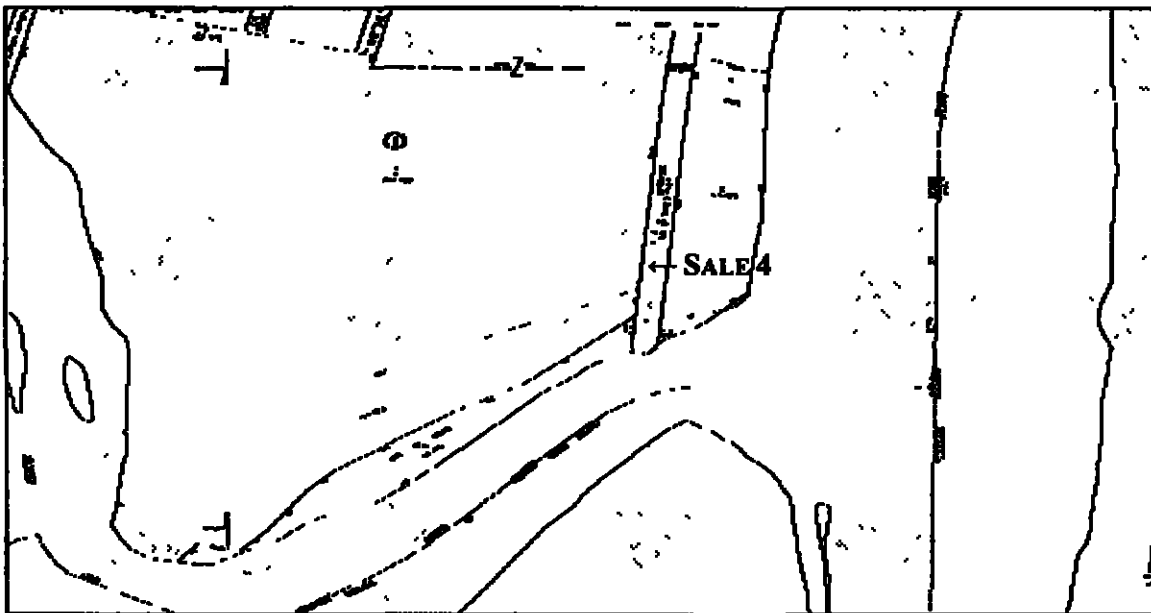


LAND VALUATION – CORRIDOR SALES COMPARISON

TAX MAP SALE 4– NORTHERN SECTION



TAX MAP SALE 4– SOUTHERN SECTION



LAND VALUATION – CORRIDOR SALES COMPARISON

SALES COMPARISON APPROACH ADJUSTMENT GRID					
TRANSACTION DATA	SUBJECT	SALE #1 QUEENSBURY	SALE #2 GIENS FALLS	SALE #3 GREEN ISLAND	SALE #4 CONHOES
SALES PRICE		\$250,000	\$34,400	\$329,960	\$85,000
DATE OF SALE		1/15/96	8/23/99	1/30&6/21/04	12/29/04
MILES	0.95 Miles	1.67	0.27	1.18	0.67
PRICE/MILE		\$149,701	\$127,407	\$279,627	\$126,866
ADJUSTMENTS					
PROPERTY RIGHTS CONVEYED		Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTED PRICE		\$149,701	\$127,407	\$279,627	\$126,866
FINANCING		Typical	Typical	Typical	Typical
ADJUSTED PRICE		\$149,701	\$127,407	\$279,627	\$126,866
CONDITIONS OF SALE	Typical	Typical	Typical	Typical	Typical
ADJUSTED PRICE		\$149,701	\$127,407	\$279,627	\$126,866
MARKET CONDITIONS		-12%	+3.0%	--	--
ADJUSTED PRICE		\$167,665	\$131,229	\$279,627	\$126,866
LOCATION & PHYSICAL ADJUSTMENTS					
LOCATION	Good	Average +25%	Average -25	Good --	Average/Good +20%
MILES	0.950	1.67 --	0.27 --	0.77 --	0.67 --
SHAPE	Straight & Curves/Average	Fairly Straight --	Fairly Straight --	Straight -5%	Fairly Straight --
UTILITY	Good	Good --	Good --	Good --	Good --
TOPOGRAPHY	Generally level, Some points above grade Overgrowth	Generally level, above-grade portions --	Generally level, above-grade portions --	Level, at grade -10	Generally level, At or above grade, overgrowth --
NET ADJUSTMENTS		+25	-25	-15%	+20
ADJUSTED PRICE PER MILE		\$209,581	\$164,036	\$237,683	\$152,239

*Per mile unit measurements are used in the grid. This is appropriate since unit mile measurements are more relevant in valuing corridor sales.

LAND VALUATION – CORRIDOR SALES COMPARISON

SUMMARY OF COMPARABLE SALES

Unadjusted Range	\$126,866 to \$330,870 per mile	161 % Δ
Adjusted Range	\$150,913 to \$237,683 per mile	56 % Δ
Mean	\$190,885 per mile	
Median	\$194,961 per mile	

EXPLANATION OF COMPARATIVE ANALYSIS

Both quantitative and qualitative techniques are employed in the comparative analysis. No explanation is given to the elements of comparison that are deemed similar to the subject. Elements that require less than a 2.50% adjustment are considered to be similar to the subject. The sales are analyzed on the unit of price per mile.

MARKET CONDITIONS

Corridor sale transactions were more numerous in the late 1990s. Since then, few sales have occurred in the Capital Region. Therefore, no adjustment is made for market conditions subsequent to the year 2000. For sales occurring before 2000, a 3% increase per year is applied to reflect a more active marketplace with higher demand.

LOCATION

The subject is located in the Village of Green Island and contains a 0.95-mile railroad corridor. The Village of Green Island has a very good location, proximate to both Troy and Albany, and major interstates connecting to Buffalo, Vermont, Boston, New York City and other major cities. The north end of the subject corridor connects to the south end of Sale 3, and an area referred to as "Industrial Park", a new industrial park in the Veteran's Memorial Drive neighborhood. Sales 1 and 2 are located in Warren County, in urban/suburban areas, within the City of Glens Falls and the Town of Queensbury. These sales are considered inferior to the subject in terms of location, and upward adjustment is applied. Sale 3 is a roadbed known as Cannon Street, which connects Tibbits Avenue with Veteran's Memorial Drive, and then continues north to the bridge (now closed) which connects Green Island to Van Schaick Island. The southern tip of Sale 3 connects to the northern tip of the subject. Sale 3 is considered similar to the subject's location, and no adjustment is necessary. Sale 4 is located in the city of Cohoes and extends from Delaware Avenue to Ontario Street. The area surrounding this corridor consists of a country club and several abandoned industrial buildings. This area is undergoing revitalization. The Cohoes location is considered inferior to that of the subject and upward adjustment is applied.

LAND VALUATION – CORRIDOR SALES COMPARISON

SITE SIZE

All of the sales are deemed similar in length when compared with the subject and no adjustments are required

SHAPE

Like the subject, Sales 1, 2 and 4 are long and narrow in shape, with some slight curve, typical of railroad corridor and roadbeds. In terms of shape these corridors are similar to the subject and no adjustment is necessary. Sale 3 is completely straight and a slight downward adjustment is applied

UTILITY

Each of the sales is considered similar to the subject in terms of utility at the time of sale, and no adjustments are necessary

TOPOGRAPHY

Sales 1, 2 and 4 are similar to the subject in terms of generally level topography, with some portions above grade, and no adjustments are necessary. Sale 3 is level, and the entire line is at grade. Sale 3 is considered superior in terms of topography and downward adjustment is applied

CONCLUSION

All of the sales are located in the subject's greater market area and are relatively similar in use, topography and zoning. The adjusted range is \$139,553 to \$224,534 per mile. The mean and median adjusted sale prices are \$176,954 and \$182,044 per mile, respectively. Due to its location, emphasis is placed on the Green Island sale. The unit value selected for the subject property falls within the range demonstrated by the sales.

The per mile market value of the fee simple interest in the subject property before the acquisition of the utility easement is calculated as follows:

MARKET VALUE FOR RAILROAD BED VIA SALES COMPARISON APPROACH - BEFORE		
SUBJECT - MILES	UNIT VALUE	MARKET VALUE
0.95	\$230,000	\$218,500
		\$220,000 Rounded

The concluded value converts into an acre unit value that falls within the range of values per acre indicated by the sales.

LAND VALUATION – ACROSS THE FENCE

ACROSS THE FENCE VALUATION METHOD

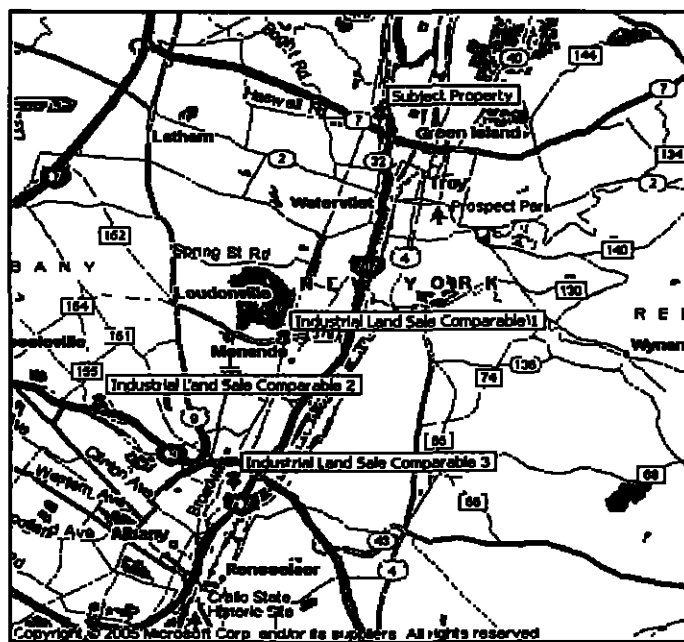
The across-the-fence method of valuation uses the value of land adjacent to or near the corridor to estimate a value for the entire corridor. Land adjacent to the subject corridor consists of both industrial and residential uses. Therefore, a value is estimated for each land use according to their proportionate representation along the corridor (60% industrial, 40% residential). The two indicated values are then combined to arrive at an estimated across the fence value.

INDUSTRIAL SALE COMPARABLES

An investigation into comparable industrial land sales in Green Island revealed no recent transactions. Therefore, we expanded our search to include Albany County. Three of the most comparable sales identified are listed below.

Address	Sale Date	Sale Price	Size (Acres)	Sale Price/Acre
7 Railroad Ave Colonic	10/17/05	\$90,000	1.93	\$46,632
Anderson Drive Albany	2/28/05	\$300,000	6.00	\$50,000
25 Erie Boulevard Albany	2/1/05	\$125,000	2.70	\$46,296

The above comparable sales range in price from \$42,296 per acre to \$50,000 per acre, with an average of \$ per acre. Each sale is located adjacent to or near inactive and/or active railroads. The location of these sales relative to the subject property is illustrated on the following map.



LAND VALUATION – ACROSS THE FENCE

INDUSTRIAL LAND SALE NO.1 FILE NO. 4378



Address 7 Railroad Avenue

Tax Map No 53 10-3-4

Town Albany County Albany State New York

Deed Date 10/17/05 Book 2835 Page 760

Stamps N/A Sale Price \$90,000 Unit Price \$46,632/ACRE

Grantor Lansing W. Crannel Address NAV

Grantee Hadi Ipek Address 103 Chancellor Drive, Guilderland, NY 12084

Frontage 205 Acres 1 93

Zoning Industrial Utilities All municipal utilities

Highest and Best Use Industrial Vrfy Assr by AC&D

Fin Typical- Does not affect sale price Condition of Sale Normal

This sale is an irregular shaped 1 93-acre site with level to gently sloping topography and 205 feet of frontage on Railroad Avenue in the Town of Colonie. It is located on the eastern end of a very busy and well-located industrial area, which includes an old abandoned railroad. Access at this particular parcel is not as good as access to other parcels along Railroad Avenue. The road at this end is rough, and train cars often park directly in front of this gated parcel, at times blocking the parcel entirely. The parcel has some frontage along Railroad Avenue, although it does not necessarily reap the benefits that this frontage would provide if located further west along the avenue.

INDUSTRIAL LAND SALE No.2
FILE NO. 4378



Address Anderson Drive
 Tax Map No 54 17-4-1
 Town Albany County Albany State New York
 Deed Date 2/28/05 Book Page
 Stamps N/A Sale Price \$300,000 Unit Price \$50,000/ACRE
 Grantor Address _____
 Grantee Address _____
 Frontage 0' Acres 6.00
 Zoning Industrial Utilities All municipal utilities
 Highest and Best Use Industrial Vrfy Assr by AC&D
 Fin Typical- Does not affect sale price Condition of Sale Normal

This sale is located behind the Corporate Woods professional office park in Albany, adjacent to the Town of Colonie border. The parcel has excellent location characteristics, just off of Exit 5 of Interstate 90. This parcel has good access, via both Albany and Colonie roads, however it lacks frontage. Active rail lines and a scrap yard lie just across the Interstate. The parcel is irregular in shape, with good functional utility. In terms of access, this sale is superior to the subject, yet it is inferior in terms of frontage, therefore, the sale is considered similar overall in terms of access/frontage characteristics, and no adjustment is applied. At 6.00 acres, this sale is similar to the subject, and no adjustment is made for size. In terms of location, shape/utility and topography, this sale is superior as compared with the subject, and downward adjustment is applied.

LAND VALUATION – ACROSS THE FENCE

INDUSTRIAL LAND SALE No.3 FILE No. 4378



Address 25 Eric Boulevard
Tax Map No 65 16-5-3
Town Albany County Albany State New York
Deed Date 2/1/05 Book Page
Stamps N/A Sale Price \$125,000 Unit Price \$46,296/ACRE
Grantor ACO Machinery Copr Liquidating Address NAV
Grantee Huckleberry Finn Property Address
Miles N/A Acres 2.70
Zoning Industrial Utilities All municipal utilities
Highest and Best Use Industrial Vrfy Assr by AC&D
Fin Typical- Does not affect sale price Condition of Sale Normal

This sale is a regularly shaped site with level topography and approximately 283 feet of frontage along Eric Boulevard in Albany. The parcel has good location less than one mile west of Route 787. Across the street is an inactive D&H Railroad line. The parcel has good access and utility and was purchased to provide additional parking for Huck Finn's Warehouse. Although smaller in size than the subject, no adjustment is necessary for less than four acres in this stable market. This sale is considered similar to the subject in terms of location and size, and no adjustment is necessary. In terms of access, the sale is similar as compared with the subject, yet it is superior in terms of frontage, and downward adjustment is applied. Finally, this sale is considered superior as compared with the subject in terms of shape/utility and topography, warranting downward adjustment.

LAND VALUATION – ACROSS THE FENCE

ACROSS THE FENCE APPROACH ADJUSTMENT GRID – INDUSTRIAL SALES				
TRANSACTION DATA	SUBJECT	SALE #1 7 RAILROAD AV COLONIE	SALE #2 ANDERSON DR. ALBANY	SALE #3 25 ERIE BLVD ALBANY
SALES PRICE		\$90,000	\$300,000	\$125,000
DATE OF SALE		10/17/05	2/28/05	2/1/05
ACRES	7.04 ACRES	1.93	6.00	2.70
PRICE/ACRE		\$46,632	\$50,000	\$46,296
ADJUSTMENTS				
PROPERTY RIGHTS CONVEYED		Fee Simple	Fee Simple	Fee Simple
ADJUSTED PRICE		\$46,632	\$50,000	\$46,296
FINANCING		Typical	Typical	Typical
ADJUSTED PRICE		\$46,632	\$50,000	\$46,296
CONDITIONS OF SALE	Typical	Typical	Typical	Typical
ADJUSTED PRICE		\$46,632	\$50,000	\$46,296
MARKET CONDITIONS		Stable	Stable	Stable
ADJUSTED PRICE		\$46,632	\$50,000	\$46,296
LOCATION & PHYSICAL ADJUSTMENTS				
LOCATION	Good	Excellent -15%	Excellent -15%	Good --
SIZE (ACRES)	7.04	1.93 --	6.00 --	2.70 --
ACCESS	Good	Average +5%	Good --	Good --
SHAPE/UTILITY	Long & Narrow, Curves/Average	Irregular/Good -10%	Irregular/Good -10%	Regular/Good -20%
TOPOGRAPHY	Generally Level, Some points above grade	Level -5%	Level -5%	Level -5%
NET ADJUSTMENTS		-25%	-30%	-25%
ADJUSTED PRICE PER ACRE		\$34,974	\$35,000	\$34,722

SUMMARY OF COMPARABLE SALES

Unadjusted Range	\$46,296 to \$50,000 per acre (8%)
Adjusted Range	\$34,722 to \$35,000 per acre (1%)
Mean	\$34,899 per acre
Median	\$34,861 per acre

LAND VALUATION – ACROSS THE FENCE

EXPLANATION OF COMPARATIVE ANALYSIS

Both quantitative and qualitative techniques are employed in the comparative analysis. No explanation is given to the elements of comparison that are deemed similar to the subject site. There has been no evidence of increasing values in the submarket over the last several years due to declining, recovering, and stabilizing market conditions.

LOCATION

Sale 1 is located on the eastern end of Railroad Avenue in the Town of Colonie. This is generally a very busy street in a well-located industrial area which includes an old abandoned railroad. Railroad Avenue is within one mile of Interstates 87 and 90, as well as Route 5 (Central Avenue) and Route 20 (Western Avenue), major east/west corridors. Sale 2 is located just off of Exit 5 of Interstate 90, behind the Corporate Woods professional office park. Active rail lines and a scrap yard lie just across the interstate. Sales 1 and 2 are considered to have superior location characteristics as compared with the subject, and downward adjustment is applied. Sale 3 is located along Erie Boulevard in Albany, within one mile of Route 787. One block west is an inactive D&H Railroad line. A slight distance further to the north and west are active rail lines. This sale is considered similar to the subject and no adjustment is necessary.

ACCESS/FRONTAGE

Sale 1 has good location along Railroad Avenue in Colonie with good interstate access, however, access to this parcel is not as good as other properties along the avenue. The road at this eastern end of the street is rough, rutted and train cars are often parked directly in front of this gated parcel, at times blocking the parcel entirely. The parcel has some frontage along Railroad Avenue, although it does not necessarily reap any benefits that such frontage would provide if located further west on the avenue. This sale is deemed inferior in terms of access/frontage and upward adjustment is applied. Sale 2 has good access via I-90, and via Sand Creek and Everett Road. In terms of access, this sale is considered superior to the subject, yet it is inferior in terms of frontage (0 feet). Overall this sale is similar in terms of access/frontage and no adjustment is applied. Sale 3 is located along Erie Boulevard within one mile of Route 787, and is considered similar to the subject in terms of access. In terms of frontage, though, this sale is considered superior and downward adjustment is applied.

SHAPE/UTILITY

Sales 1 and 2 are irregular shaped sites with good utility for industrial development. Sale 3 is more regular in shape, also with good functional utility. Each of the sales is considered superior to the subject in terms of shape and utility, and downward adjustment is applied to each.

LAND VALUATION – ACROSS THE FENCE

TOPOGRAPHY

The subject property is generally level, with some points above grade, including two bridges, and substantial overgrowth. Each of the sales is generally level in nature and each is considered superior in terms of topography; therefore, downward adjustment is applied to each sale

RECONCILIATION OF LAND VALUE

The unadjusted value range reflected by the three land sales is from \$46,632 to \$50,000 per acre of site area. After analyzing each sale to the subject site, the adjusted values range from \$34,722 to \$35,000 per acre. Equal emphasis is given to all of the comparable land sales. The mean and median value indications are narrow from \$34,899 and \$34,861, respectively. Based on the above analysis, conversations with local market participants, a value near the mean and median price range is concluded. Based on the above analysis, a unit price of \$35,000 per acre is reasonable for the subject site. We estimate approximately 60% of neighboring land to the subject is industrial, or 7.04 acres (11.74 acres X 60%).

$$7.04 \text{ ACRES} \times \$35,000/\text{ACRE} = \$246,400$$

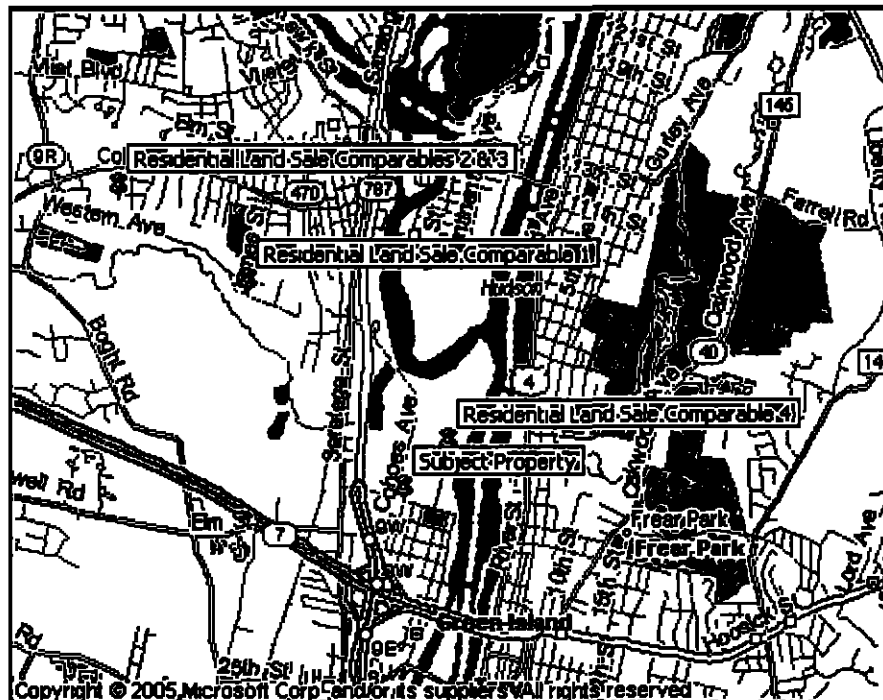
LAND VALUATION – ACROSS THE FENCE

RESIDENTIAL SALE COMPARABLES

An investigation into comparable residential land sales in Green Island revealed only one comparable residential land sale in recent years. Therefore, we expanded our search to include Albany County. Three additional sales were identified, all in Cohoes. These four comparable sales are listed below.

Address	Sale Date	Sale Price	Size (Acres)	Sale Price/Acre
James Street Cohoes	3/24/07	\$165,900	6 75	\$24,578
45 York Road Cohoes	10/29/02	\$57,500	4 60	\$12,500
83 Cannon Street Green Island	12/31/03	\$3,500	0 07	\$50,000

The above sales range in price from \$12,500 per acre to \$50,000 per acre, with an average of \$16,667 per acre. The location of these sales relative to the subject property is illustrated on the following map:



RESIDENTIAL LAND SALE No.1
FILE NO. 4378



Address James Street
Tax Map No 10 19-4-27 2
Town Cohoes County Albany State New York
Sale Date 3/24/07 Book 2844 Page 1049
Stamps N/A Sale Price \$165,900 Unit Price \$24,578/Acre
Grantor Thomas Michaels & Antoinette White Address 2481 Devotion Ridge Drive, Henderson,
NV 89052
Grantee Krug Home Builders, LLC Address N/A
Frontage 490 33 feet Acres 6 75
Zoning R2-Residential Utilities All municipal utilities
Highest and Best Use Residential Development Vrfy Assr & Selling Agent by AC&D
Fin Typical- Does not affect sale price Condition of Sale Normal

This is the sale of a slightly irregular lot on James Street in Cohoes. The property sold in March 2007, and will be developed into condominiums 1,000 square feet and larger, in a price range of low- to mid-\$200,000s. According to the selling agent, of the total 6.75 acres, only 2 or 3 acres are usable, due to a steep sloping ravine at the lot's eastern border. The parcel has good views across the Hudson River. The land sold for \$165,900, or \$24,578 per acre, which is significantly lower than the original list price of \$299,900. According to the selling agent, the initial list price was unreasonably high and the actual sale price is reflective of market. The usable acreage is level. Access is good from Columbia and the property is proximate to Routes 9, 787, 32, and Interstates 87 and 90. The lot has 490 feet road frontage along James Street.

LAND VALUATION – ACROSS THE FENCE

RESIDENTIAL LAND SALE No.2 FILE NO. 4378



Address 45 York Road
Tax Map No 10 14-2-53 80
Town Cohoes County Albany State New York
Sale Date 10/29/02 Book 2723 Page 253
Stamps N/A Sale Price \$57,500 Unit Price \$12,500/ Acre
Grantor John Farah Address N/A
Grantee Michelle& Charles Jesmain Address N/A
Frontage ~459 Acres 4 60
Zoning R1-Residential Utilities All municipal utilities
Highest and Best Use Residential Development Vrfy Assr and Selling Agent by AC&D
Fin Typical- Does not affect sale price Condition of Sale Normal

This is the sale of a 4 60-acre irregularly shaped parcel located at the end of York Road, in Cohoes. The lot is sloping throughout, with some steep slopes and a small creek running through. The parcel was developed subsequent to sale. The property is at the end of a dead end road, which is accessed via several side streets that connect ultimately with Columbia Street. This lot has approximately 459 feet of frontage along York Road, however, given the location and the topography of the land along York Road, this frontage does not appear have a lot of contributory value.

LAND VALUATION - ACROSS THE FENCE

RESIDENTIAL LAND SALE No.3 FILE NO. 4378



Address 83 Cannon Street

Tax Map No 20 84-3-18

Town Green Island County Albany State New York

Deed Date 12/31/03 Book 2776 Page 387

Stamps N/A Sale Price \$3,500 Unit Price \$50,000/ Acre

Grantor Green Island Address N/A

Grantee Sharon Bennett Address 44 James St , Green Island NY 12183

Frontage 200' Acres 0 07

Zoning R2 - Residential Utilities All municipal utilities

Highest and Best Use Residential Vrfy Assr by AC&D

Fin Typical- Does not affect sale price Condition of Sale Normal

This is the sale of a 0 07-acre residentially-zoned lot on Cannon Street in Green Island, between Arch & Swan Streets. According to the town assessor, this land was purchased to be used for additional parking for their current residence. The land is level and regular in shape. The property has good access from 787 to Tibbits Avenue. The subject is within 200 feet of the subject.

LAND VALUATION – ACROSS THE FENCE

ACROSS THE FENCE APPROACH ADJUSTMENT GRID - RESIDENTIAL SALES				
TRANSACTION DATA	SUBJECT	SALE #1 0 JAMES ST. CONHOES	SALE #2 45 YORK ROAD CONHOES	SALE #3 83 CANNON ST GREEN ISLAND
SALES PRICE		\$165,900	\$57,500	\$3,500
DATE OF SALE		3/24/07	10/29/02	12/31/03
ACRES	4.70 ACRES	6.75	4.6	0.07
PRICE/ACRE		\$24,578	\$12,500	\$50,000
ADJUSTMENTS				
PROPERTY RIGHTS CONVEYED		Fee Simple	Fee Simple	Fee Simple
ADJUSTED PRICE		\$24,578	\$12,500	\$50,000
FINANCING		Typical	Typical	Typical
ADJUSTED PRICE		\$24,578	\$12,500	\$50,000
CONDITIONS OF SALE	Typical	Typical	Typical	Typical
ADJUSTED PRICE		\$24,578	\$12,500	\$50,000
MARKET CONDITIONS	Increasing	Increasing +2%	Increasing -15%	Increasing +11.5%
ADJUSTED PRICE		\$25,070	\$14,375	\$55,750
LOCATION & PHYSICAL ADJUSTMENTS				
LOCATION	Good	Very Good -10%	Good/Very Good -5%	Good --
SIZE - ACRES	4.70	6.75 --	4.60 --	0.07 -20%
ACCESS	Good	Good --	Average +15%	Good --
SHAPE/UTILITY	Irregular/Average	Irregular/Good -10%	Highly Irregular/Average +20%	Regular/Good -20%
TOPOGRAPHY	Generally Level, Some points above grade	Very Steep Slope Unusable Acres +20%	Uneven, Steep Slopes, Creek +20%	Level -10%
NET ADJUSTMENTS		--	+50%	-50%
ADJUSTED PRICE PER MILE		\$25,070	\$21,563	\$27,875

LAND VALUATION – ACROSS THE FENCE

SUMMARY OF COMPARABLE SALES

Unadjusted Range	\$12,500 to \$50,000 per acre (300%)
Adjusted Range	\$21,563 to \$27,875 per acre (29 3%)
Mean	\$24,836 per acre
Median	\$24,719 per acre

EXPLANATION OF COMPARATIVE ANALYSIS

Both quantitative and qualitative techniques are employed in the comparative analysis. No explanation is given to the elements of comparison that are deemed similar to the subject site.

MARKET CONDITIONS

The comparable sales occurred between 2002 and 2007. Market conditions for residential property have been increasing in the submarket, and each sale is adjusted accordingly, at a rate of 3% per year.

LOCATION

Sales 1 and 2 are considered superior to the subject for their Cohoes location, and both are adjusted downward, accordingly; however, Sale 1 is located upon a hill with excellent easterly views and is therefore given a larger adjustment. Sale 3 is similar to the subject and no adjustment is necessary.

SIZE - ACRES

Sales 1 and 2 are similar in size to the subject and no adjustment is necessary for these sales. Sale 3 is substantially smaller, and downward adjustment is applied.

ACCESS

Sale 1 has good access, within one mile of Interstate 787 and is considered similar as compared with the subject; therefore, no adjustment is necessary. Sale 2 has average access, via Columbia Street and several interior roads before getting to York. This sale is considered inferior to the subject and upward adjustment is applied. Sale 3 is located proximate to the subject and has good access. No adjustment is required for this sale.

LAND VALUATION – ACROSS THE FENCE

SHAPE/UTILITY

With irregular shape and good utility, Sale 1 is superior to the subject, and downward adjustment is made to this sale. Sale 2 is highly irregular in shape with average utility, and is therefore considered inferior to the subject. Upward adjustment is applied to Sale 2 to reflect its inferior shape/utility. Sale 3 has a regular, rectangular shape and has good utility for its residential use. This sale is considered superior to the subject in terms of shape/utility, and downward adjustment is applied.

TOPOGRAPHY

Sale 1 is level at its western perimeter, but has a very steep slope on the eastern side, deeming some of the land unusable. This sale is inferior to the subject in terms of topography and upward adjustment is applied. Sale 2 has numerous areas of slope, some steep, and contains a small creek. This sale is adjusted upward for its inferior topography as compared with the subject. Sale 3 is completely level and is considered superior to the subject. Downward adjustment is applied to this sale to reflect its superior topography.

RECONCILIATION OF LAND VALUE

The unadjusted value range reflected by the three land sales is from \$12,500 to \$50,000 per acre of site area. After analyzing each sale to the subject site, the adjusted values range from \$21,563 to \$27,875 per acre. Equal emphasis is given to all of the comparable land sales. The mean and median value indications are narrow from \$24,836 and \$24,719 respectively. Based on the above analysis, conversations with local market participants, a value near the mean and median price range is concluded.

Therefore, a unit price of \$24,000 per acre is reasonable for the subject site.

$$4.70 \text{ ACRES} \times \$24,000/\text{ACRE} = \$112,800$$

LAND VALUATION – ACROSS THE FENCE

EXPOSURE & MARKETING TIME ADJUSTMENT

The opinion of value in the across the fence analysis must be adjusted for exposure and marketing time. Unlike a corridor sale, for which there is current active demand, there is no established demand by neighboring owners to purchase portions of the corridor, nor is there precedent for any group of neighbors purchasing portions of railroad in neighboring submarkets. There is no evidence to show that neighboring homeowners would be interested in purchasing these lots, no such sales have taken place in recent history and it appears that some neighboring residents already use these areas for parking and storage without purchasing the land. Based on our experience, we forecast a time period of five years to disengage and remove the tracks and rails, prepare the land, obtain necessary permits, etc., and then market and sell the lots to neighboring residents and business owners. The across the fence method does not consider the time value of money issue inherent in this lengthy process. Therefore, it is necessary to discount the value over the five year period at an appropriate discount rate to account for these issues.

DISCOUNT RATE

An appropriate discount rate, or rate of return, must be selected, based upon the subject's location, physical and economic characteristics.

NATIONAL REAL ESTATE SURVEY

The table below displays discount rates reported by a major real estate investor survey:

Investor Survey		
Investor Survey	Discount Rate Range	Discount Rate Average
Realty Rates 3 rd Quarter 2007 Industrial Land	7.65%-12.56%	9.46%

Based on current market conditions and the subject's location, a discount rate of 10.00% is concluded.

INDUSTRIAL SALES VALUE	\$246,400
RESIDENTIAL SALES VALUE	<u>112,800</u>
ACROSS THE FENCE VALUE	\$359,200

CONCLUDED ACROSS THE FENCE VALUE:	\$359,200
DISCOUNT RATE:	10%
TERM:	5 YEARS
DISCOUNTED VALUE:	\$223,035
LESS: CLOSING COSTS (3%):	<u>6,691</u>
CONCLUDED VALUE:	\$216,344
ROUNDED:	\$215,000

RECONCILIATION

Reconciliation is the last phase in the valuation process that evaluates the quantity and quality of the available market data to derive a conclusion based upon the most applicable indicators. The market value of the fee simple interest in the subject property, as indicated by the two approaches utilized, is summarized as follows:

SUMMARY OF VALUE CONCLUSIONS - BEFORE	
COST APPROACH	N/A
SALES COMPARISON APPROACH - CORRIDOR SALES COMPARISON	\$220,000
SALES COMPARISON APPROACH - ACROSS THE FENCE METHOD	\$215,000
INCOME CAPITALIZATION APPROACH	N/A

In the valuation of the subject property, the corridor sales comparison and across the fence approaches are employed. The Corridor Sales Comparison approach is given most weight in the final analysis, as there is evidence of other corridor sales transacting in the market place. The Across the Fence method assumes that neighboring land parcels will be marketed and sold to abutting land owners. We believe it is unreasonable to assume that adjacent landowners would have an interest in purchasing these parcels. In addition, no such sale has taken place in the subject submarket to analyze as precedent. The Across the Fence method is used as a test for reasonableness to support the other approach.

MARKET VALUE CONCLUSION

The market value concluded herein is predicated on the assumption that no environmental problems exist on or in the property.

MARKET VALUE CONCLUSION - BEFORE			
APPRAISAL PREMISE	INTEREST APPRAISED	DATE OF VALUE	VALUE CONCLUSION
AS IS MARKET VALUE	FEE SIMPLE	SEPTEMBER 7, 2007	\$220,000

CERTIFICATION

We certify that, to the best of our knowledge and belief:

- 1 The statements of fact contained in this report are true and correct**
- 2 The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are the appraiser's personal, unbiased professional analyses, opinions, and conclusions**
- 3 We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved**
- 4 Our employment and/or compensation is not conditioned upon the appraisal producing a minimum value, a specific value, or a value within a given range, and our employment and compensation is not based on whether a loan application is approved.**
- 5. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, The Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute**
- 6 W. Douglas Alvey, MAI made a personal inspection of the property that is the subject of this report**
- 7. Lynn DelGaudio one provided significant real property appraisal assistance to the persons signing this certification**
- 8. As of the date of this report Michael R. DiMura, MAI has completed the requirements under the continuing education program of the Appraisal Institute.**
- 9 The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.**



**W Douglas Alvey, MAI
General Certified Appraiser
NYS License # 46-031**

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following assumptions and limiting conditions

- 1 No responsibility is assumed for the legal description or for matters including legal or title considerations Title to the property is assumed to be good and marketable unless otherwise stated**
- 2 The property is appraised free and clear of any or all liens or encumbrances unless other stated.**
- 3 Responsible ownership and competent property management are assumed**
- 4 The information furnished by others is believed to be reliable No warranty, however, is given for its accuracy**
- 5 All engineering is assumed to be correct The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property**
- 6 It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them**
- 7 It is assumed that there is full compliance with the applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report**
- 8 It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report**
- 9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based**
- 10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report**
- 11. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used**

ASSUMPTIONS AND LIMITING CONDITIONS

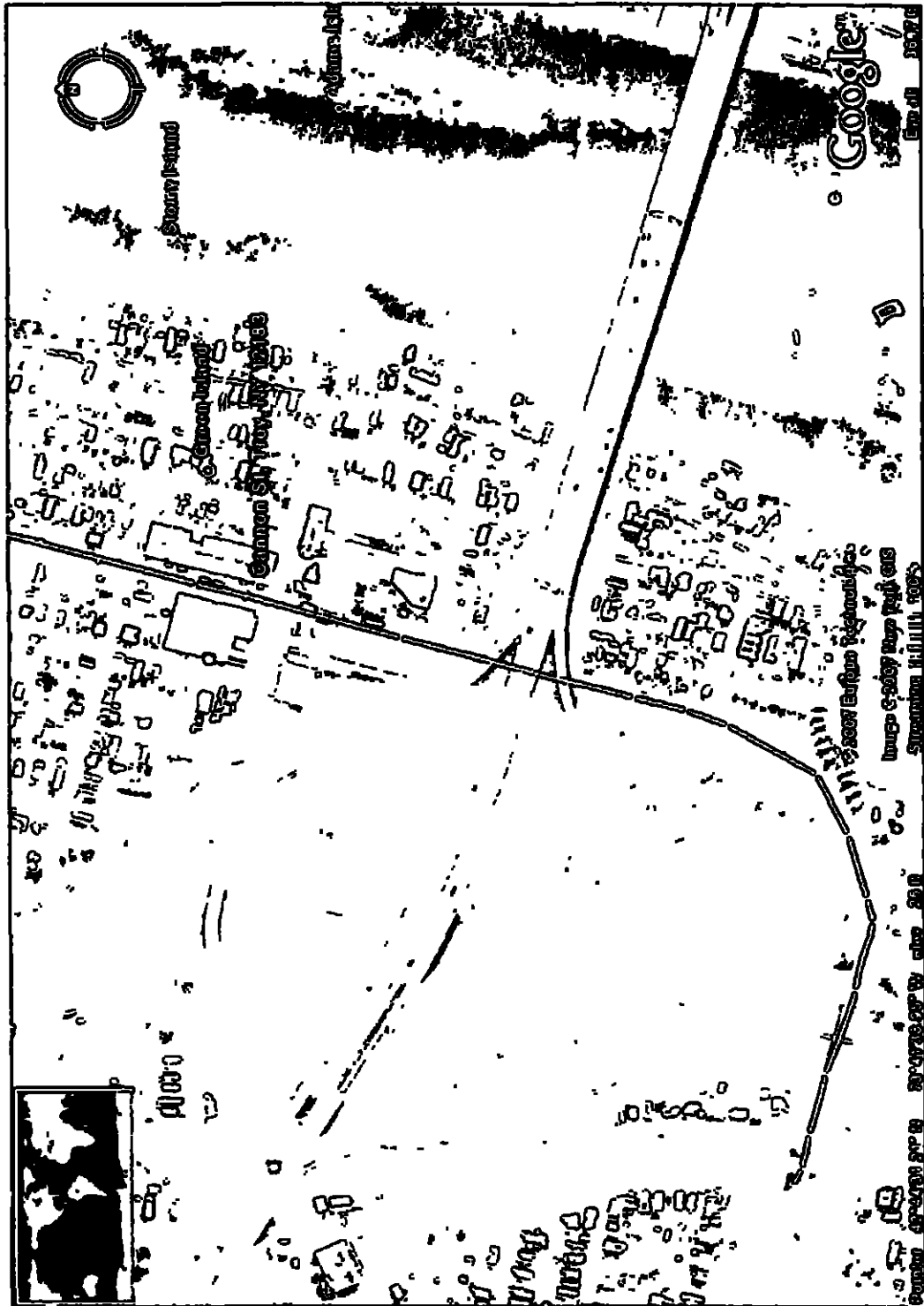
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
13. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a survey of the property, together with a detailed analysis of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since I do not have direct evidence relating to this issue, I did not consider non-compliance with the requirements of ADA in estimating the value of the property.
16. There was a discrepancy between various information sources regarding the actual lineal mileage and acreage of the subject corridor. We requested, but did not receive actual definitive figures and were unable to walk certain parts of the track due to safety reasons. We were, however, provided with track maps, which included a scale of one inch to 100 feet, as well as a survey prepared by Clough Harbour dated July 13, 2004. The maps were not conclusive enough to rely upon for an accurate measurement of either lineal mileage or acreage. Using Google Earth, we mapped out the path of the railroad bed, beginning on the north side of Tibbits Avenue and ending at the west side of Route 32 (these start and end points were provided by the client). According to Google Earth's calculations, the line encompasses a total of 0.95 miles. This report assumes that our 0.95 mile estimate produced by Google Earth is correct. Of this total, 0.90 lineal miles are located in Green Island; the remaining 0.05 lineal mile is in Colonie. In addition, we relied upon information pulled from tax maps and public records to ascertain an accurate total acreage for the property. According to these sources, the total acreage for the subject is 11.73 acres.
17. It is specifically noted as a special assumption of this report that the subject property excludes a 0.41 mile sector extending from the north side of Tibbits Avenue to Veteran's Memorial Highway. This north sector contains approximately 2.06 acres, and is currently under contract with the Village of Green Island for a price of \$75,190. It is also noted that this north sector has been utilized as an improved public road since around 2004.

ADDENDA

The following items are appended to the body of this report:

**Aerial Photograph
Subject Photographs
Regional Analysis
Industrial Market Overview
Track Maps
Survey
Copy of Engagement Letter
Qualifications of the Appraisers**

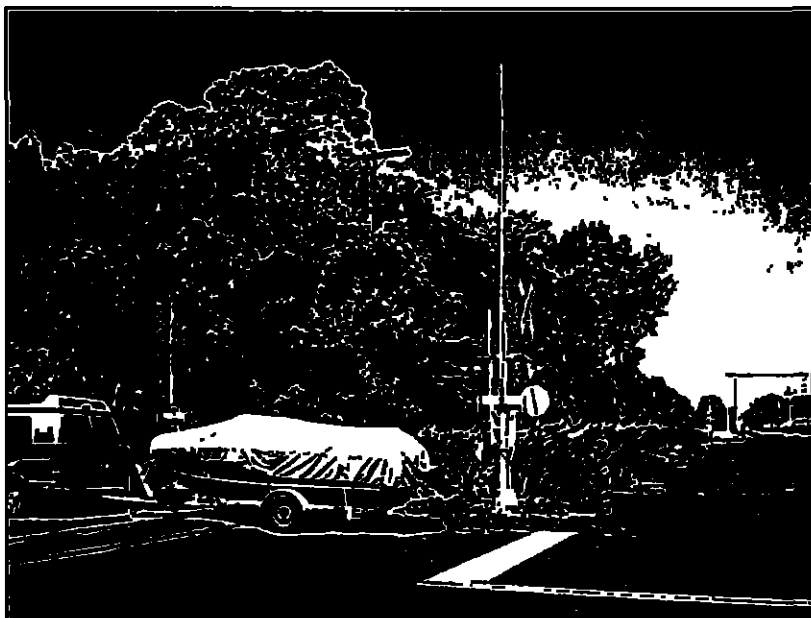
Google Earth Mapping From North Side of Tibbits Avenue to West Side of Route 32 = 0.95 Miles



SUBJECT PHOTOGRAPHS



AT-GRADE CROSSING LOOKING NORTH AT TIBBITS AVENUE

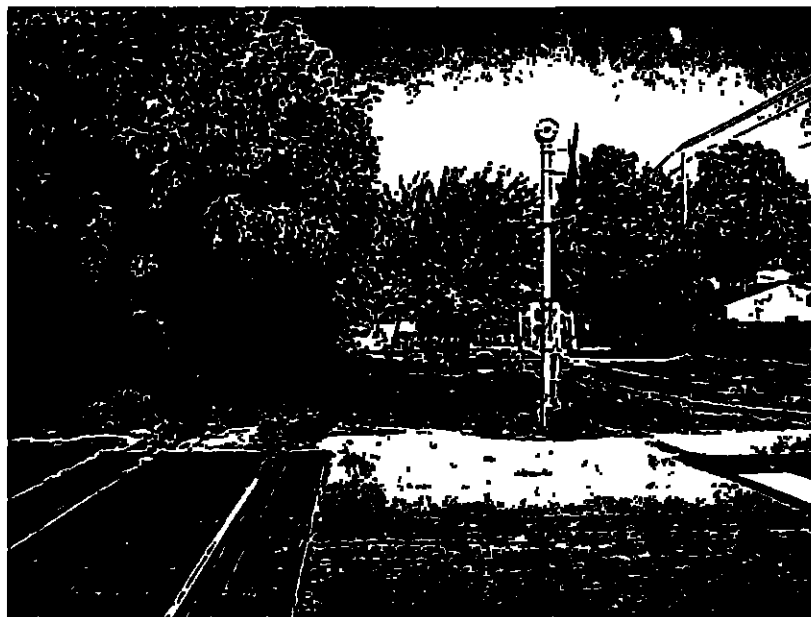


AT-GRADE CROSSING LOOKING NORTH AT BLEEKER STREET

SUBJECT PHOTOGRAPHS



AT-GRADE CROSSING LOOKING SOUTH AT BLEEKER STREET



AT-GRADE CROSSING LOOKING NORTH AT ARCH STREET

ENVIRONMENTAL

The Capital District is located where the Hudson River meets the Mohawk River in east-central New York State and includes Albany, Rensselaer, Saratoga, and Schenectady Counties, four of the six counties which comprise the Albany-Schenectady-Troy MSA. Containing a total land area of 2,196 square miles, the district is bordered by Warren and Washington counties to the north, Bennington and Berkshire counties to the east (Massachusetts); Greene and Columbia counties to the south, and Fulton, Schoharie and Montgomery counties to the west.

Many sources identify the Capital Region (District) to include eleven counties. Albany, Rensselaer, Saratoga, Schenectady, Columbia, Fulton, Greene, Montgomery, Schoharie, Warren and Washington. New York City is situated 160 miles south, Montreal 215 miles north, Boston 175 miles east and Buffalo 280 miles west. The cities of Albany, Troy and Schenectady are the primary employment centers of the region. In addition to these urban areas, the district contains 78 minor civil divisions including cities, towns and villages.

The region's early development primarily occurred in the area's river valleys, contained to a certain extent by the geographic nature of the region. However, the development of the local highway network has contributed to the spread of development away from the urban employment centers to the suburban markets and towns surrounding Albany, Schenectady and Troy. In the 1950s, more than half the region's population lived in the three urban areas. This ratio has steadily decreased over the last four decades and in 1990 only 28% of the local population resided in these urban areas.

TRANSPORTATION

All modes of transportation are available in the eleven-county area including commercial air service, water traffic, railroads, highways and bus service. The newly constructed Albany International Airport, located near the center of the Capital District south of the Mohawk River and west of I-87, is served by six major airlines and 7 commuters. These carriers offer non-stop service to 29 major cities and 81 daily flights from the facility. Water traffic is accommodated by the Barge River Canal System, comprised of the Hudson River and the Erie and Champlain canals. The 240-acre Port of Albany is located 124 nautical miles inland from New York City and stretches to include both sides of the river. The Rensselaer side of the Port contains one of the three foreign trade zones in the District and is expected to be enlarged to include the Albany side of the Port.

Although I-88 does enter the western border of the region and provides access to Pennsylvania, Interstate Highway 87 and 90 which cross the region in an "X" manner are more significant. Interstate 87 extends through the Capital District in a northeast-

REGIONAL ANALYSIS

The interstate highway network is supplemented by local highways including state and federal roads. The more prominent US highways include 4, 9 and 20 while the primary state highways are 2, 5, 7, 32 and 85.

Amtrak operates from a new station in the City of Rensselaer with 19 daily trains to New York City, Utica, Syracuse and Boston. Locally, the Capital District Transportation Authority (CDTA) serves nearly 12 million passengers annually with 246 buses on 70 routes. Finally, a number of private bus companies provide intra - and inter-regional transportation.

SOCIAL

The most recent census indicates the Albany-Schenectady-Troy MSA population is 875,583 people, which represents an increase of 0.15% compounded annually over the last ten years. This rate is lower than the State growth rate of 0.54% and significantly lower than the national rate of 1.24% annually. The slower population growth in the capital region was due to layoffs at General Electric, IBM and other smaller manufacturers in the late 1980's and early 1990's. The data shown below shows a significant change in the region's population trends. Albany County is the largest with a year 2000 population of 294,565 residents followed by Saratoga County with 200,635, Rensselaer County with 152,538 and Schenectady with 146,555 persons.

The following table shows the Capital District net migration numbers for the past seven years:

Net Migration (000)						
1996	1997	1998	1999	2000	2001	2002
-5.5	-5.9	-3.5	-2.3	0.4	1.6	4.3

Source: *Economy.com, 2002*

Internal Revenue Service data presented by Economy.com shows 2,184 people migrated to the Albany Capital Region from New York City in 2002; this, along with the net migration figures, is supportive of the anecdotal information supplied by Realtors and others that many people have come to the region from the New York City area after 9/11/2001. A 2003 Brookings Institution study says there is an "axis of growth" along the Hudson River from New York City's northern suburbs through Albany and Saratoga Counties to Glens Falls in Warren County. The region received more than 100,000 new residents from downstate between 1990 and 2002. The study expects growth to continue in this area.

ECONOMIC PROFILE

The economic structure of the region has changed over the last 40 years as the manufacturing sector has lost jobs while the service sector has increased employment. Containing the state capital, the government sector employs a significant portion of the region's labor force; however, the government sector has decreased from 29.4% in the 1980's to 24.5% today. An economist for the Federal Reserve Bank of New York's Buffalo Branch reports that since 1995, New York State has had the least volatile economy in the nation and Albany, N.Y., has the least volatile economy in the state.

The governor of New York has embarked on a number of ambitious programs to stimulate the economies of all of the Upstate New York regions. It is also important to note that the second most powerful person in New York State government is from Rensselaer County and has been able to draw many benefits to the capital region and Rensselaer County. The State has set up Empire Zones that give companies significant tax advantages for creating or moving businesses in that will create jobs – most of these zones are in the capital region. The State is also working on four Centers of Excellence that partner universities and the private sector to create new high-tech industry and jobs in Albany, Rochester, Buffalo and Long Island.

Locally, the Centers for Excellence program led to the July 2002 announcement, that the state, University at Albany and SEMATECH, a consortium of 12 computer chip makers including IBM, Intel and Hewlett Packard, joined forces to build a \$403 million research facility that will provide the most university-based clean room space devoted to 300 mm wafer research in the world at the University at Albany. SONY, Toshiba, Motorola and Infineon, among others, have forged alliances with the state university's Albany NanoTech and with IBM to cut costs for the development of the next generation of computer chips.

Albany NanoTech is home to two buildings, NanoFab 300 South and NanoFab 300 North, currently under construction. When the work is completed, the buildings will have a combined 60,000-square-feet of cleanroom space. IBM believes so strongly in the work being done at Albany NanoTech that it plans to increase its presence there. It was IBM's initial \$100 million investment in Albany NanoTech that led to International Sematech's decision last year to locate a research center there. Some of the largest tenants in the recently constructed 120,000 square foot NanoFab 300S building at the University at Albany campus include International Sematech, Tokyo Electron Ltd., IBM and General Electric. Having these companies here is expected to spur the clustering of nanotechnology companies in the area, this clustering is a major objective of NYS Governor Pataki who is offering millions of dollars of incentives.

REGIONAL ANALYSIS

Governor Pataki is also working on taking the 350-acre Harriman State Office Campus, near the University at Albany campus, and putting \$300 million into redeveloping it into a high tech and research park. Most of the 9,000 state workers would move to downtown Albany, Schenectady and Troy to help boost the downtowns of these cities.

Privately, General Electric Company is working on a \$100 million transformation of their 60-year old, 525 acre research facility in Schenectady County into a cutting edge headquarters for GE's Global Research Center, including new lab space, renovated conference facilities and offices including a 150-seat amphitheater and a 40-room Adirondack-style lodge for visiting executives, employees and suppliers. This facility is expected to exceed GE's facility in the New York City suburbs. Research will be in the areas of molecular medicine, light/energy conversion, nanotechnology, hydrogen energy, photonics and pulse detonation power.

In Spring of 2002, plans were announced to build a high tech office and manufacturing campus that would include four wafer fabrication facilities on a 1,350-acre parcel of land and bring 10,000 jobs to Saratoga County. The project has been approved by the county and the planning boards of the effected towns. Construction of the first wafer fabrication facility could begin as early as 2005, with complete build-out in 15 to 20 years. This Luther Forest Campus is hoped to be Intel Corporation's manufacturing facility for 300 mm chips.

The Rensselaer County Industrial Development Agency has 150 acres under option in East Greenbush west of I-90 Exit 9 that it is targeting for biotechnology, nanotechnology and other high tech companies. There is an additional 250 acres of undeveloped land around the site that could be included in the proposed Mill Creek Commerce Park.

The biotechnology industry is growing and some people are hoping the Capital Region will soon join the ranks of the Bay Area in California and Boston as a major biotechnology hub. The recently formed Capital Region Biotechnology Research Consortium, members of which include RPI, Albany Medical Center and College, the Wadsworth Center, and the University at Albany are working toward this end. In Albany, construction is complete for the \$60 million Center for Medical Science research center in University Heights and construction is ongoing for the 195,000 square foot biotech research center on the University at Albany's main campus. Research facilities currently under construction in Rensselaer County include the \$80 million, 218,000 square foot RPI Center for Biotechnology and Interdisciplinary Studies on 15th Street in Troy and the \$35 million, 125,000 square foot Biotechnology Cancer Research Center at the University at Albany's East Campus in East Greenbush. Albany Molecular Research Inc (AMRI) and Regeneron Pharmaceuticals are established local biotech companies. AMRI is a local pharmaceutical success story with the company earning \$50 million in 2002 from the Allegra product it developed.

REGIONAL ANALYSIS

The State of New York announced October 23, 2003 they were providing \$500,000 to develop a master plan for the \$470 million Hudson River Heritage Center, Troy Festival Center, Waterfront Park and Marina on 35 acres alongside the river adjacent to Russell Sage College in the city of Troy, in Rensselaer County. The developers behind the proposal helped revitalize the Inner Harbor of Baltimore, Faneuil Hall in Boston and a riverfront project now under construction in Hartford, Connecticut. The Hudson River Heritage Center is expected to attract 1.3 million visitors a year and generate a \$48 million economic impact. Completion is expected by 2009.

Gov. George Pataki designated the Port of Albany an upstate feeder port in 2001 for the unloading of container cargo from barges that go up and down the Hudson River to and from NYC. The City of Albany purchased a \$2.4 million crane to lift the containers off and put them on trucks that take them to their final destinations. More than 300 15-ton containers have been handled in the first six months of operation with an eventual expectation of 260 containers a week.

The Albany Capital Region is located near the center of New York's Tech Valley.

New York's Tech Valley, encompassing 18 counties, stretches from Clinton County in the north to Dutchess County in the south, Fulton County to the west and Columbia County to the east

Counties

Albany	Montgomery
Clinton	Orange
Columbia	Rensselaer
Dutchess	Saratoga
Essex	Schenectady
Franklin	Schoharie
Fulton	Ulster
Greene	Warren
Hamilton	Washington



Tech Valley Press

Texas Transportation Institute [Tech Valley ranked high in national traffic survey](#)

Milken Institute [Tech Valley Among Nation's Best in Health Care](#)

Expansion Management Magazine: [Tech Valley in Nation's Top 5% in Skilled Workforce](#)

The Oregonian: [Luring All Things Nanotech](#)

Milken Institute: [Tech Valley Ranked One of the Nation's Best for Business](#)

Biotech Tech Magazine: [Biotech Sector Helps to Fuel N.Y. Tech Valley Growth](#)

Boston Business Journal: [Nanotech. Is the Bay State Losing out to Albany?](#)

Forbes magazine: [Tech Valley ranked third in "The Best Places with the Best Education"](#)

Austin American-Statesman: [Albany a Top Contender for High-Tech Jobs](#)

New York Newsday: [Transforming Albany into a High-Tech Mecca](#)

SmallTimes.com [Albany Rising to the top of Nation's Nanotech Industry](#)

eWEEK magazine: [Albany one of Nation's IT Job Hot Spots](#)

JP Morgan Chase: [Albany Catapults into Major Leagues of High Tech](#)

Regional Overview

1,000 technology companies

50,000 employees

\$2 billion annual payroll

\$5 billion annual economic impact

Source TechValley.com

REGIONAL ANALYSIS

Unemployment in the Capital Region edged up to 3.8 percent in November of 2003, but still came in below most of the rest of upstate New York. The region lost a total of 500 jobs in November over the same month last year. The state itself contributed the biggest hit, shedding 4,900 positions over the year. But the private sector created a record number of jobs in November -- up 3,300 from the same month last year, led by gains in education and health care services. This time last year, the region's jobless rate measured 3.6 percent. But while the rate was up slightly this year, the area fared better than many other metro regions upstate. Buffalo's unemployment rate stood at 6.5 percent, Rochester and Syracuse at 5.9 percent, Binghamton at 5.6 percent and Utica-Rome at 5.2%. State government employment has for years insulated the Capital Region from peaks and dips in the monthly jobless figures. But even as government employment declines -- due to early retirement incentives the state has offered -- health care and higher education are holding strong. Employment in the leisure and hospitality sectors also remained strong in November, while retail hiring was up only slightly. By those adjusted figures, the state's overall unemployment fell to 6.1 percent in November, down from October's 6.2 percent and 6.3 percent in November 2002. The following shows the Capital District unemployment rate for the past seven years:

Unemployment Rate						
1996	1997	1998	1999	2000	2001	2002
4.6	4.2	3.6	3.6	3.4	3.2	3.8

Source: Economy.com

The following shows the Capital District total employment numbers for the past seven years.

Total Employment (000)						
1996	1997	1998	1999	2000	2001	2002
425.5	432.1	439.4	450.1	457.5	462.3	460.6

Source: Economy.com

Economy.com says the Capital Region economy,

"...has been an above average performer in the state. In part because of the strength of the education and health services industry. The increase in population growth over the past three years, aided by an increase in net migration, is the primary driver of this growth."

THE FISCAL POLICY INSTITUTE REPORTS THE FOLLOWING DECLINES IN EMPLOYMENT BETWEEN MARCH 2001 AND JULY 2003

National	2.1%	Upstate	1.8%
New York State	3.1%	Capital Region	1.0%

REGIONAL ANALYSIS**MAJOR CAPITAL REGION PRIVATE EMPLOYERS**

General Electric Company	9,000
Golub Corporation (Grocery Chain)	6,834
Albany Medical Center	6,257
St Peter's Health Care Services	3,321
Verizon Communications, Inc	3,030
Northeast Health	2,862
Stewart's Ice Cream Co , Inc (Mini Marts)	2,840
KAPL, a Lockheed Martin Company	2,690
Hannaford Brothers Company (Grocery Chain)	2,100
Glens Falls Hospital	1,811
Key Corp (Bank)	1,800
Empire Blue Cross and Blue Shield	1,794
Rensselaer Polytechnic Institute	1,720
Niagara Mohawk Power Corporation	1,400
Ellis Hospital	1,375
CRH Old Castle, Inc	1,250
Seaton Health Systems	1,247
FleetBoston Financial Corporation	1,101
MVP Healthcare (Insurance)	950
QuadGraphics, Inc	900

Source: Capital District Business Review, October 2002

CAPITAL REGION EMPLOYMENT BY LEADING INDUSTRIES

<u>Industry</u>	<u>Employees (000)</u>
State and Local Government	105 1
General Medical and Surgical Hospitals	16 3
Colleges, Universities and Professional Schools	13 1
Grocery Stores	9 7
Insurance Carriers	8 5
Offices of Physicians	7 9
Management of Companies and Enterprises	7 2
Nursing Care Facilities	7 0
Computer System Design and Related Services	5 3
Individual and Family Services	5 0
Business, Professional, Labor, Political, etc Organizations	5 0
Architectural, Engineering and Related Services	5 0
Foundation, Structural and Building Contractors	4 4
Other General Merchandise Stores	4 4
Automobile Dealers	4 2

Source BLS, Economy com, 2002

GOVERNMENT

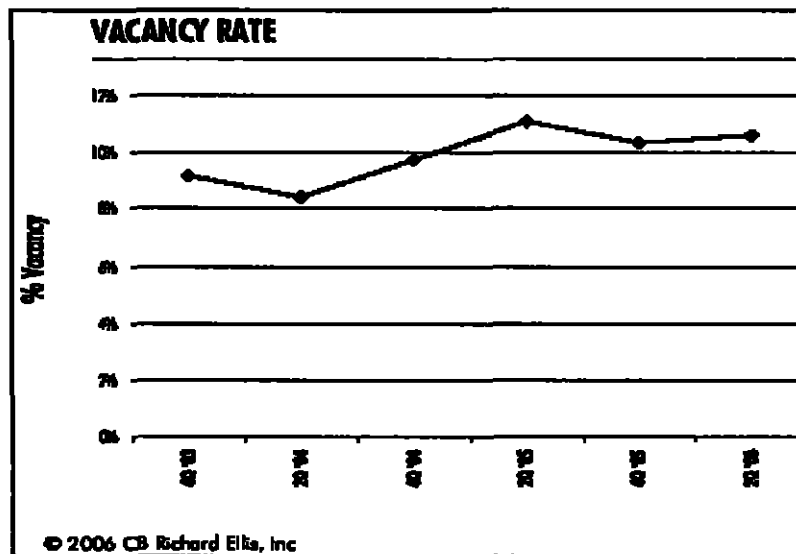
The Capital District contains over 78 different local governments including villages, towns and cities. Each entity is separately governed and features a different type of government structure. However, many of the local governments, particularly at the county level, do cooperate in the planning arena to coordinate development and diversify the local economy. The various governmental entities, have provided numerous financial assistance programs to promote new development. These financial incentives include Empire Zones, industrial development bonds, below-market financing, and tax incentive programs. In addition, there are numerous established programs and agencies to promote economic development located in the region.

SUMMARY AND CONCLUSIONS

The Capital District is conveniently located to many significant cities in the northeast region of the country and benefits from the presence of the New York State Capital within its borders. Although there was a local recession due to a significant loss of manufacturing jobs, state government staffing reductions and a state budget crisis in the early 1990's, the area has had unemployment rates that have compared quite favorably with the rest of the state and the nation over the past few years. The state government stimuli, along with the development of high tech and biotech research and increasing migration to the area are leading the region in directions that are expected to put it into a position of growth for the foreseeable future. In conclusion, the appraiser anticipates increased growth in the district economy over the next five to ten years.

VACANCY

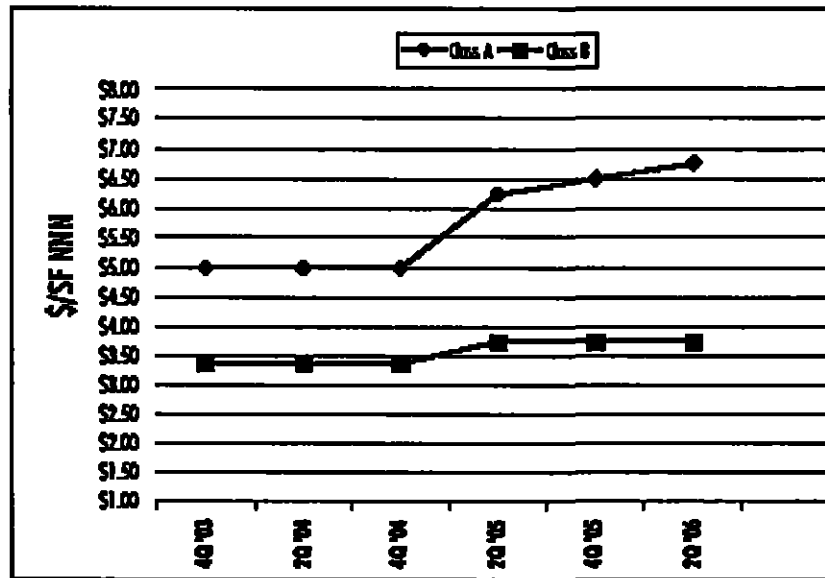
The CB Richard Ellis 2nd Quarter 2006 Spring Industrial MarketView Report is the latest local published market report available. On a national level, the CBRE US National Industrial Availability Index Third Quarter 2007 is the most recent published report, and discusses available space, but not lease rates. A copy of each report is located in the Addenda to this report. The following graph depicts industrial vacancy rates within the Capital Region from the 4th Quarter of 2003 through the 2nd Quarter of 2006. By the end of the 2nd Quarter of 2006, the overall vacancy rate of 10.60% increased slightly from the 4th Quarter of 2005 rate of 10.30%. The national rate of 9.90% was slightly below the 10.60% Capital Region vacancy rate. The national vacancy has remained just under 10% through 3rd Quarter 2007. Absorption was stimulated by existing users moving to newer and more efficient industrial buildings. Additionally, it is important to note that the increase in vacancy is indicative of a soft leasing market in larger distribution warehouses whereas the leasing market for properties less than 100,000 square feet has tightened significantly.



LEASE RATES

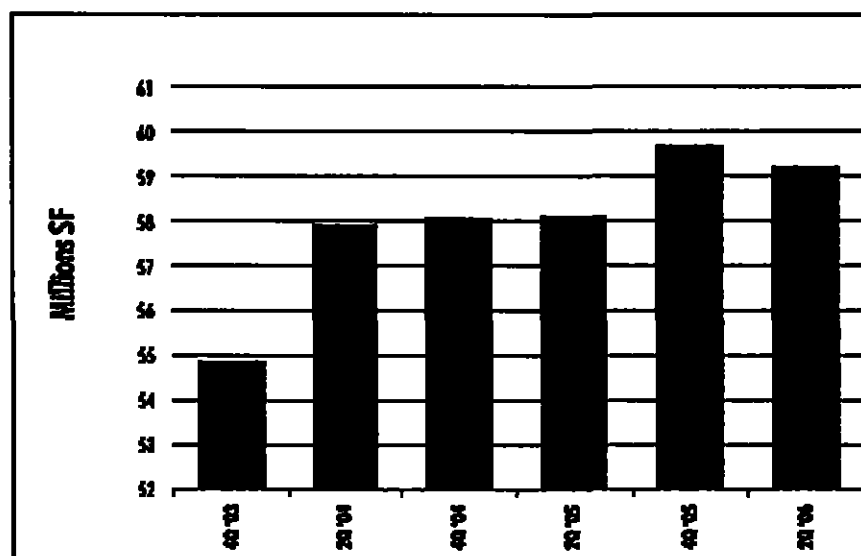
CB Richard Ellis reported the average triple net rental rate within the Capital Region for the period analyzed, at approximately \$6.75 per square foot for Class A space, and approximately \$3.75 per square foot for Class B space, with an average of \$5.99 per square foot. CB Richard Ellis does not report on Class C space, which is similar to the subject property. Older big-box space (100,000+ SF) with capital improvement needs remain vacant longer and command lower rents. The following graph depicts asking rental rates for Class A and Class B space.

Lease Rates – Capital Region Industrial



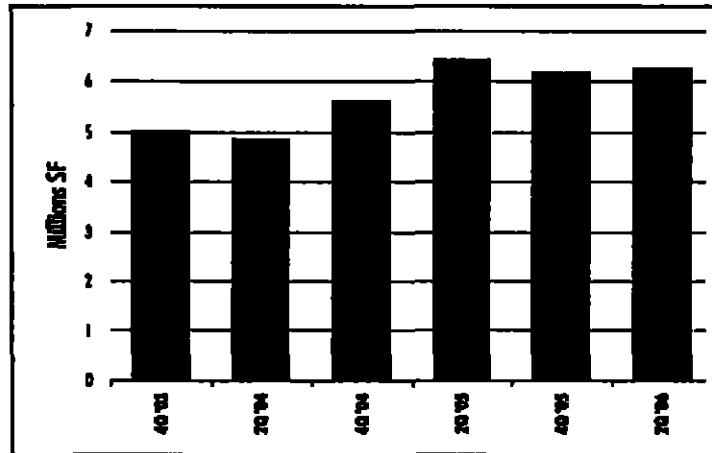
TOTAL MARKET INVENTORY

Total market inventory across the ten county region decreased by 0.8% as the manufacturing industry sector continues to exit the Capital Region. On a national level, new construction completions decreased from Q1 2006 (46 million square feet) through Q3 2006 (34 million square feet), and after a spike in Q4 2006 (42 million square feet), fell substantially again in 2007 to 2004/2005 levels (25-30 million square feet).



AVAILABLE SPACE

There was an increase in available space from the 4th Quarter 2005 to the 2nd Quarter 2006 from 6.2-million square feet to 6.3-million square feet, respectively. Industrial properties in excess of 100,000 square feet experienced less absorption activity, with approximately 2.6-million square feet of available space.

**VALUE TRENDS**

CB Richard Ellis reports improved site prices have not varied much over the past year. Limited inventory of approved sites with all utilities available keep prices firm despite a quiet construction time period. There remains a wide disparity of pricing due to geographic location. Sale prices and rents have remained relatively stable over the past few years with newer properties in good locations showing increasing trends.

SUPPLY AND DEMAND

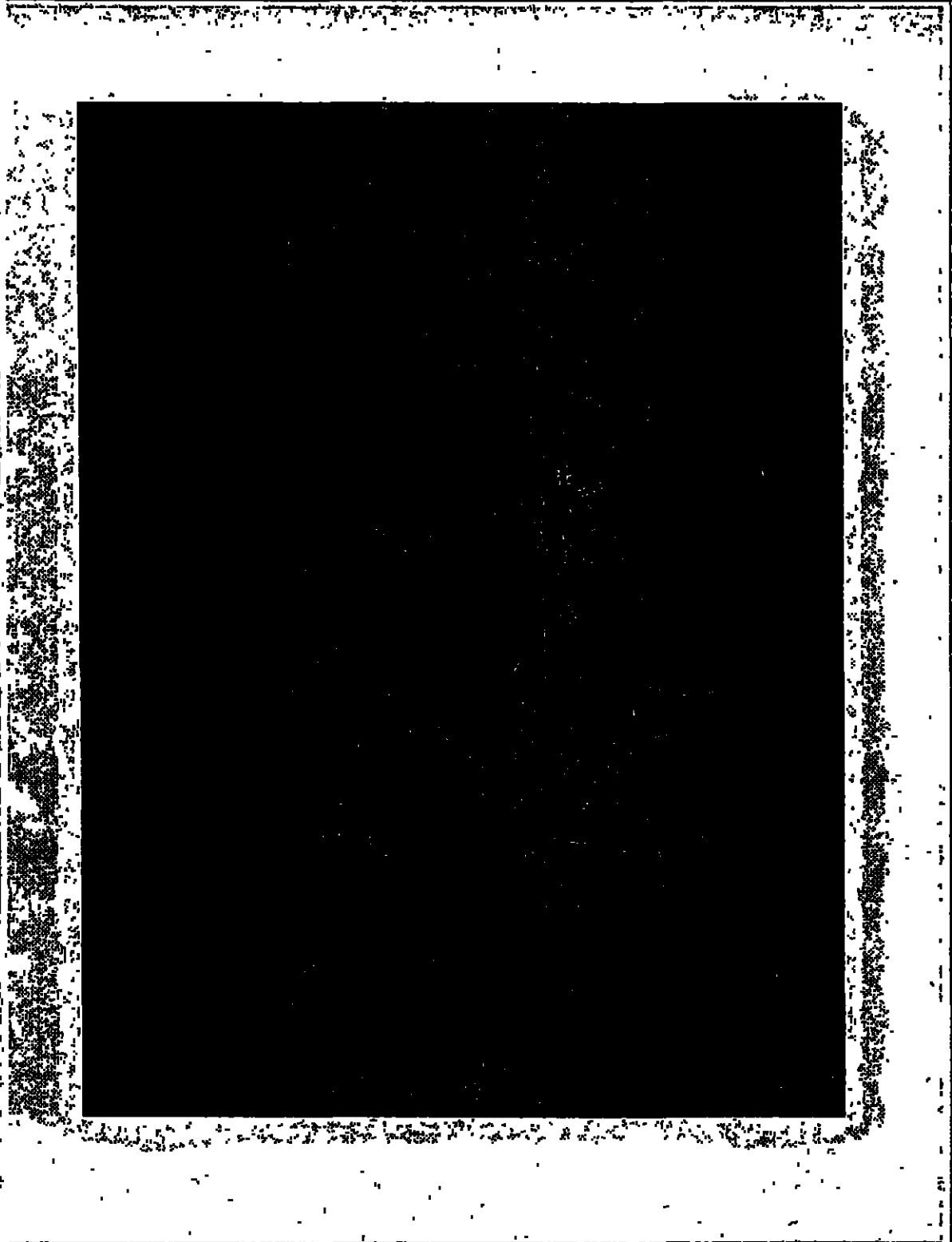
Supply and demand factors appear to be in balance. New industrial development has been slow during the past year with the majority of new construction being pre-leased and build-to-suit, rather than speculative development.

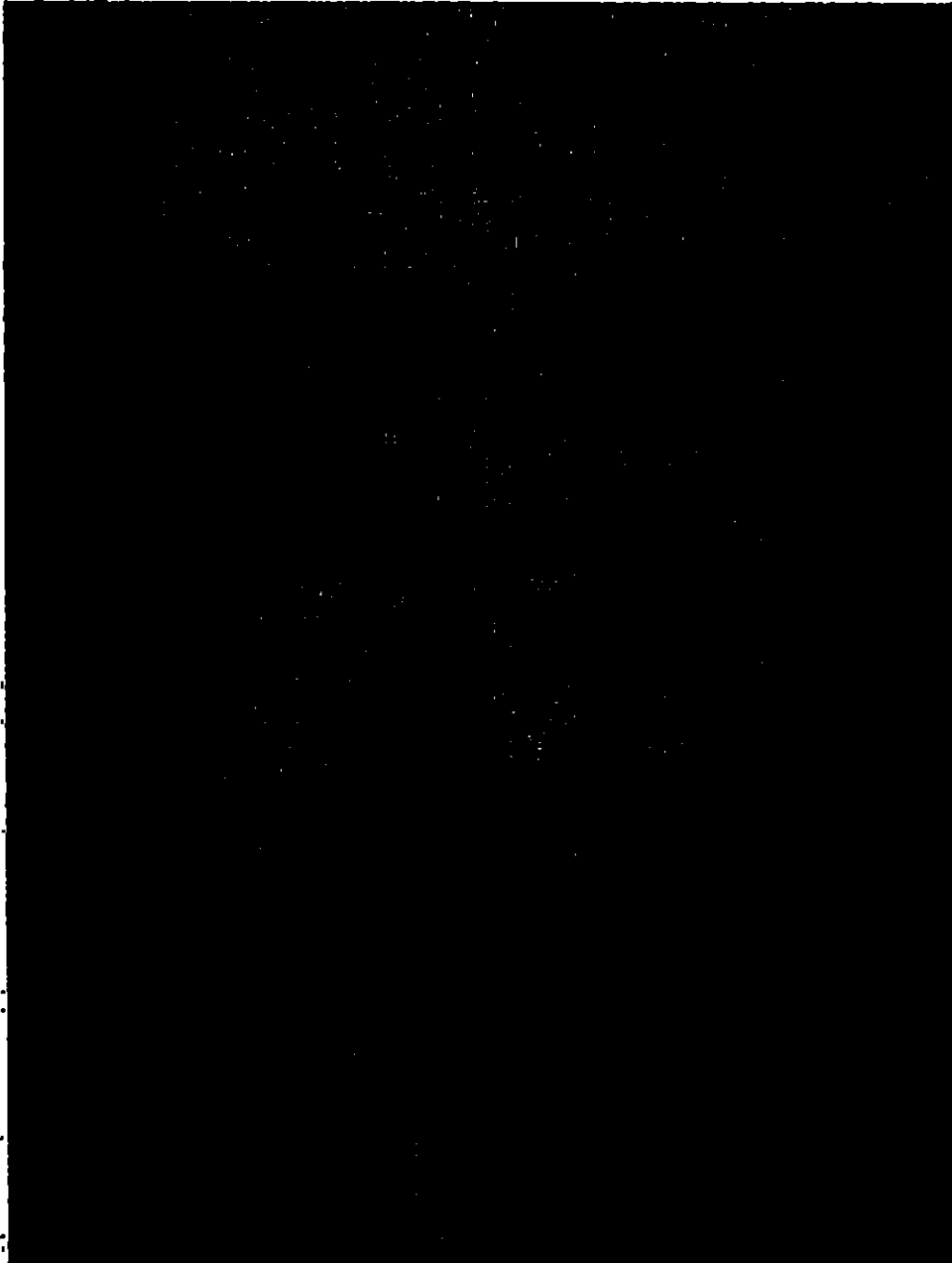
INDUSTRIAL MARKET

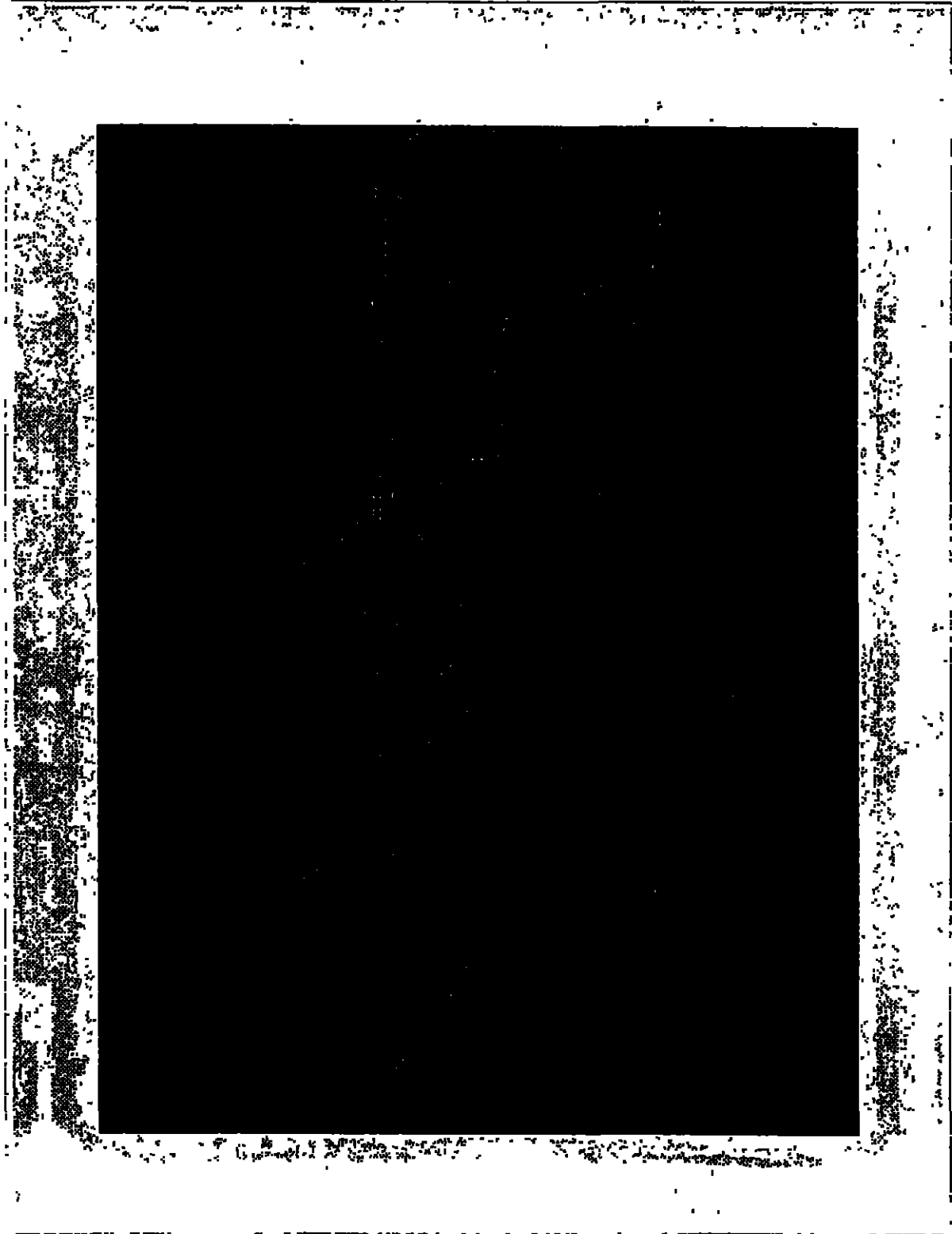
	Q2 2006	Q4 2005	Q2 2005	Q4 2004	Q2 2004	Q4 2003
Available Space	6,279,406	6,167,930	6,425,441	5,641,484	4,874,570	5,025,636
Total Inventory	59,212,027	59,689,763	58,108,525	58,043,057	57,899,370	54,851,375
Vacancy Rate	10.6%	10.3%	11.1%	9.7%	8.4%	9.2%
Industrial/Improved Site Price Range (per acre)						
Albany/Colonie Area	\$90,000 - \$150,000	\$90,000 - \$150,000	\$90,000 - \$150,000	\$75,000 - \$125,000	\$75,000 - \$125,000	\$50,000 - \$100,000
Outlying Areas	\$25,000- 60,000	\$25,000- 60,000	\$25,000- 60,000	\$10,000- 50,000	\$10,000- 50,000	\$10,000- 50,000
Lease Rates						
Asking Rent \$/SF NNN (Class A)	\$6.00 - 7.50	\$5.50 - 7.50	\$5.00 - 7.50	\$4.00 - 6.00	\$4.00 - 6.00	\$4.00 - 6.00
Asking Rent \$/SF NNN (Class B)	\$3.00 - 4.50	\$3.00 - 4.50	\$3.00 - 4.50	\$2.25 - 4.50	\$2.25 - 4.50	\$2.25 - 4.50

CONCLUSION

The area has good linkages and is in a stabilization/revitalization stage of its life cycle. Value trends are stable with supply and demand factors generally in balance. New supply is very limited, and sale and rent pricing has remained stable.









COPY OF ENGAGEMENT LETTER

Alvey, Cote & DiMura, Inc.

10 Century Hill Drive
Latham, New York 12110
(518) 783-1613 Fax (518) 783-1616

W. Douglas Alvey, MAI, SRA
Michael R. DiMura, MAI

New York State Certified General Real Estate Appraisers

September 7, 2007

Mr. Tony Dawson
C/O Freedman & Son
25 Tibbitts Avenue
Green Island, New York 12183

Re: Abandoned Canadian Pacific Railroad Right of Way, Village of Green Island

Dear Tony:

I enjoyed meeting with you yesterday and discussing the scope of work involved in the appraisal report involving the bed of the former Canadian Pacific Railway extending from Tibbitts Avenue to the interstate highway. As we discussed, we will prepare an appraisal report based upon analysis of corridor sales since it is my opinion that the highest and best use of this property for a corridor related use.

Our fee for the report is \$3,500 payable upon delivery. As you are aware we must be provided with the exact acreage on the property since this could have a significant impact on the value.

If this fee is agreeable please so indicate by executing below engaging our services to prepare an appraisal report.

Very truly yours,


W. Douglas Alvey, MAI

The terms of this engagement agreement are acceptable and Alvey, Cote & DiMura, Inc. is authorized to proceed with the assignment.

Signed: 

Dated: 9/7/07

W. DOUGLAS ALVEY, MAI, SRA
NEW YORK STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION AND TECHNICAL

Siena College, Loudonville, New York
Bachelor of Science, Economics

New York State Department of Transportation Right of Way School
Property Acquisition Course I, II, III

American Institute of Real Estate Appraisers*
Course I, Albany, New York
Course II, Syracuse, New York
Course VIII, University of Connecticut
Course IB, University of Connecticut
Economic Outlook/Pricing Real Estate in Today's Market, Kiamesha Lake, New York
Appraisal Methodology Revisited, Kiamesha Lake, New York
Course VI (Investment Analysis), Atlanta, Georgia
Course VII (Industrial Valuation), Houston, Texas
Online Internet Search Strategies for Appraisers, Chicago, Illinois

Society of Real Estate Appraisers*
Course 101, Albany, New York
RII, Albany, New York
Mortgage-Equity Capitalization Seminar, Albany, New York
Math-Stat Finance Seminar, Albany, New York
Investment Feasibility Analysis Seminar, Albany, New York
Energy Considerations in Appraising, Boston, Massachusetts
Tax Considerations in Real Estate Transactions, Albany, New York
Creative Financing/Cash Equivalency Seminar, Albany, New York
Valuation of Leases and Leasehold Interest Seminar, Meridan, Connecticut
Adjusting for Financing Differences in Residential Properties, Albany, New York
Contemporary Issues and Methods for Appraising Commercial Property, New York
Pension Fund Real Estate Valuation Issues, New York, New York
Computer Fundamentals/Beginning Basic Programming, Troy, New York
Professional Practice Seminar, Albany, New York
Developments in Income Property Valuation, Albany, New York
Real Estate Valuation Using Spreadsheets, Albany, New York

Appraisal Institute
Standards of Professional Practice/Parts A and B, Albany, New York
Course IV (Computer Assisted Investment Analysis, University of Maryland
American with Disabilities Act Seminar, Latham, New York
Hotel/Motel Valuation Seminar, Cohoes, New York
Argus Financial Software Seminar, Albany, New York
How to Appraise FIA Insured Property, Albany, New York
Residential Construction, Albany, New York
Course 550 (Advanced Applications), New York University

McKissock Data Systems
Regression Analysis The Appraisal Approach of the Future, Albany, New York
Ad Valorem Tax Assessment Consulting and Appraising, Albany, New York

National Highway Institute
Eminent Domain for Attorneys and Appraisers, Albany, New York

** AIREA and SREA consolidated into the Appraisal Institute in 1991 As of this writing, I have completed the requirements under that organization's continuing education program*

PROFESSIONAL AND MANAGERIAL EXPERIENCE

1984-Present	<i>Alvey & Cote, Ltd</i> , Latham, New York President
1976-1984	<i>Alvey, Hartman & Cote Appraisal Associates</i> , Latham, New York President
1972-1976	<i>Boulton Realty, Inc</i> , Schenectady, New York Appraisal Division Manager
1968-1972	<i>Boulton Realty, Inc</i> , Schenectady, New York Staff Appraiser
1965-1968	<i>New York State Department of Transportation, Real Property</i> Staff Appraiser and Staff Negotiator, Property Management

APPRAISAL EXPERIENCE

<i>Vacant Land</i>	Residential and subdivisions, commercial, industrial Subdivision analysis
<i>Residential</i>	Single family, multi-family, garden apartments and condominiums
<i>Commercial</i>	Retail stores, gas stations, shopping centers, banks, nursing homes, veterinary hospitals & clinics, supermarkets, office buildings, motels, hotels, bowling alleys, mobile, home parks, lumber yards, restaurants, racquetball and tennis clubs
<i>Industrial</i>	Single and multi-story warehouses, factories, manufacturing complexes, industrial parks, aggregate resources, concrete plants, meat packing plants/slaughterhouses, salvage yards and refrigerator/freezer complexes
<i>Highway</i>	Interstate 890, General Electric to New York State Thruway Exit 26, Schenectady County North-South Arterial Highway (Amsterdam), Montgomery County Interstate 90, Route 4 to Exit B-3, Rensselaer County Route 9, Alternate Route 7 Interchange, Albany County Altamont Avenue Widening Project, Schenectady County Albany-Shaker Road/Osborne Road Widening Project, Albany County Route 29 Widening Project, Saratoga County Route 7 Widening Project, Albany and Schenectady Counties New York State Thruway Bridge Overpass (Interchange 26), Schenectady County Watervliet-Shaker Road/Route 155 Widening Project, Albany County
<i>Special Purpose</i>	Seminaries, schools, churches, community centers, marinas
<i>Expert Witness</i>	New York State Court of Claims Rensselaer County Condemnation Commission New York State Supreme Court Saratoga Springs Zoning Board United States Bankruptcy Court, Eastern District of Arkansas, Little Rock, Arkansas United States Bankruptcy Court, Northern District of New York, Albany, New York
<i>Government (Qualified Fee Appraiser)</i>	New York State Department of Transportation New York State Department of Law New York State Department of Environmental Conservation New York State Department of Parks and Recreation New York State Office of General Services State University of New York USA General Services Administration Internal Revenue Agency

MEMBERSHIP AND PROFESSIONAL AFFILIATIONS**Appraisal Institute**

Designated MAI, SRA (Member No 5188)

Society of Real Estate Appraisers, Upper Hudson-Champlain Valley

Chapter 205 (Prior to 1991)

Senior Real Property Appraiser

Senior Residential Appraiser

Board of Directors (1976)

Chairman, Education Committee (1976, 1977 and 1982)

Vice President (1977-1980)

President (1980-1981)

New York Association of Realtors, Inc

New York State Society of Real Estate Appraisers, Capital Region Governor, 1970 and 1980

Duly Licensed Real Estate Broker, Albany County Board of Realtors

National Association of Real Estate Boards

Russell Sage College, Instructor, *Real Estate Appraisal*, 1975-1991Schenectady Board of Realtors, Instructor, *Real Estate Appraisal*, 1972-1977**PARTIAL LIST OF MAJOR COMMERCIAL AND INDUSTRIAL CLIENTS*****Financial Institutions***

Adirondack Trust Company

Albany Savings Bank

Green Mountain Bank

First National Bank of Glens Falls

National Bank & Trust

Herkimer County and Trust

Gloversville Federal Savings

Hudson City Savings Institution

Keybank, NA

Marine Midland Bank

OnBank & Trust Company

Pioneer Savings and Loan

Republic National Bank of Dallas

Savings Bank of Utica

Teachers Federal Credit Union

JP Morgan

Protective Life Insurance Company Guardian Life Insurance Company

Troy Savings Bank

Sibley Corporation

IDS Life Insurance Company

US Life Insurance Company

First National Bank of Scotia

Fleet Bank

Moneystore

Glens Falls National Bank

Vermont National Bank

American Funding Corporation

Amsterdam Savings Bank

BASF Corporation

Central Mortgage Company

Chase Manhattan Bank

Chemical Bank

Citibank, NA

Cohoes Savings Bank

Dime Savings Bank

Evergreen Bank

Farmers Home Administration

Variable Annuity Life Insurance Company

Union Labor Life Insurance Company

Columbia Mutual Life Insurance Company

Municipalities

City of Albany

City of Schenectady

Town of Glenville

Town of Schodack

City of Gloversville

Town of Colonie

Town of Niskayuna

City of Watervliet

County of Albany

County of Schenectady

Town of Guiderland

Town of Ticonderoga

Village of Corinth

Town of Clifton Park

Town of Rotterdam

Public and Private Corporations

Rensselaer County Sewer Authority
Gulf Oil Company
Kraft Foods
New York Telephone Company
Equitable Relocation
Homequity
Relocation Resources
Pepsi-Cola
Hannaford Brothers
Corning Metpath
New York State Thruway Authority
Bell Atlantic
Adirondack Trailways

Sun Oil Company
Ford Motor Company
McDonald's Corporation
General Electric Company
Crown Zellerbach
Merrill Lynch Relocation
Capital District Transit Authority
State Farm Insurance
Albany County Airport Authority
Seton Health Systems
NYS Business Development Corporation
NYS Electric and Gas Company
YMCA of Capital District

Specialized Studies

Feasibility/Marketability Analysis-Commercial Satellites - Knickerbocker/Pepsi Arena
Avigation Easements - Albany/Schenectady County Airport
Special Benefit Analysis - New York State Department of Transportation/Crossover
Bridge, Crossgates Mall
Contaminated Properties
Severance Damages Study - Dolomite Limestone Quarry, Rensselaer County - NYS DOT

PROFESSIONAL QUALIFICATIONS

LYNN DELGAUDIO

LYNN DELGAUDIO HAS EXTENSIVE REAL ESTATE EXPERIENCE SERVING CORPORATIONS, FINANCIAL INSTITUTIONS, INDIVIDUAL INVESTORS, PENSION FUNDS, DEVELOPERS AND PUBLIC ENTITIES. LYNN HAS EXPERIENCE IN REAL ESTATE VALUATION, INVESTMENT ANALYSIS, MARKET RESEARCH, STRATEGIC PLANNING, ACQUISITION /DISPOSITION DUE DILIGENCE, BENCHMARKING AND FEASIBILITY ANALYSES WITH PARTICULAR FOCUS IN THE HOSPITALITY INDUSTRY. MS DELGAUDIO PREVIOUSLY WORKED AS A MANAGING DIRECTOR FOR SEDWAY GROUP/CBRE CONSULTING AND PRIOR TO THAT WAS A CONSULTING MANAGER FOR ERNST & YOUNG. HER BACKGROUND INCLUDES EXTENSIVE WORK THROUGHOUT MEXICO, PERFORMING A VARIETY OF COMPLEX ASSIGNMENTS. IN MEXICO CITY, MS DELGAUDIO WORKED WITH A NUMBER OF FINANCIAL INSTITUTIONS PERFORMING DUE DILIGENCE AND VALUATION SERVICES. SHE ALSO PERFORMED A FINANCIAL FEASIBILITY STUDY RELATIVE TO THE PROPOSED EXPANSION AND RENOVATION OF MEXICO CITY'S LARGEST METRO STATION. MS DELGAUDIO BECAME AN EXPERT IN THE MEXICAN RESORT MARKET, PERFORMING NUMEROUS CONSULTING ASSIGNMENTS FOR U.S. INVESTORS AND LENDERS THROUGHOUT THE COUNTRY.

Select consulting assignments representative of Ms. DelGaudio's real estate expertise follow:

Valuation

- ❖ **Nations Bank** – For three consecutive years, performed the valuation of La Palmilla, one of Los Cabos' most famous and successful world-class resorts. Full narrative appraisals were completed for the property, which initially comprised a 71-room resort, 18-hole championship golf course and several high-end residential programs. The property was eventually expanded to 114 rooms, with contemplation of 144 in future years, and an additional nine holes of golf. Valuations were performed on an as-is, as-renovated and as-expanded basis.
- ❖ **Rim Corporation** – Performed summary appraisal reports for a small portfolio of limited-service hotels across California. Approximately one year later, oversaw the performance of full narrative appraisals for the same portfolio on an extremely demanding deadline. The assets were located as far south as Anaheim, California and as far north as Vacaville, and the Sierras. All three approaches to value were required for the appraisals.
- ❖ **Individual B&B Investor** – Performed a land valuation of a five-acre parcel of land in Olema, California. Due to the remote nature of the area, and the lack of comparable sales data, the engagement required the use of a residual land analysis approach to value. The analysis included a review of the conceptual plan developed by the owner, discussions with market participants regarding the general health of the industry and relevant investment parameters, and an estimation of development costs based upon industry data and conversations with industry experts. Ultimately derived a value based on the projected future operations of the proposed property, by deducting development costs from the estimated value of operations.
- ❖ **McMorgan & Co** – For two consecutive years performed summary appraisals for a portfolio of assets held by this large pension fund. The portfolio consisted of office buildings, industrial property, raw land, residential developments and hotels. The assets were located across California, Arizona, Oregon and Washington.
- ❖ **Confidential Real Estate Investment Firm** – Performed valuation services for a west-coast real estate investment firm. Provide an estimated value of the company, as well as its shares. Performed an estimate of value of this company as an on-going business concern, and estimated a value for the company's shares of stock, taking into account appropriate minority interest discounts. The enterprise valuation was accomplished through an 'asset build-up' approach. A value was estimated for the company's real estate assets, as well as any subsidiaries, non-real estate balance sheet items and goodwill. A gross per share value was calculated. Appropriate discounts for lack of control and lack of marketability were estimated and applied to the estimated gross per share value. Discounts varied among different classes of stock, depending on the nature of the restrictions the shares were (or were not) subject to.

PROFESSIONAL QUALIFICATIONS

Lynn DelGaudio

Financial Analysis

- ❖ **Confidential Entertainment Corporation** – Assisted a major U S entertainment corporation in evaluating the viability of two gaming scenarios in Cancún and Cozumel, Mexico. The study contemplated a 'cruise-to-nowhere' venue, to be located at a local Cozumel pier, and a land-based casino, to be located on the top two floors of the Cancún Convention Center. Involved performing a thorough market demand study which included the analysis of local and tourist-based demographics, gaming participation profiles, an estimation of gaming market size based on the opportunity and propensity for gaming, as well as local gaming market potentials. Performed an 'as-is' economic valuation of the convention center and presented potential performance estimates for each gaming venue.
- ❖ **Private Development Team** – Provided financial analysis relative to the redevelopment and expansion of Mexico City's largest and busiest metro station. This project contemplated the reconfiguration of parking and ancillary public facilities, reorganization and addition of retail space, redesign and expansion of metro tracking system, development of multi-plex theatre, high-rise office building, parking structure, hotel and PEMEX gas station. Presented prospective financial analysis in both U S Dollars and Mexican Pesos.
- ❖ **Carefree Resorts** – Performed a detailed analysis of labor costs relative to a proposed mega-development to be located approximately 50 kilometers south of Cancun, Mexico. The engagement involved extensive research into the Mexican labor economy, local and regional labor force population, typical conditions of employment, wages and benefits. Additionally, comprehensive surveys were conducted among four-star, five-star and Gran Turismo rated hotels in the Cancún area. Labor cost information was analyzed, and a detailed salary analysis was presented, which covered each employee position at the proposed resort.
- ❖ **Confidential Major Pension Fund** – Performed an investment analysis of home equity conversion (HEC) programs as a possible investment opportunity for this pension fund. Investigated the history of the reverse mortgage industry, and recent events or changes. Analyzed current and projected potential demand, and psycho-graphic profile of the population most likely to invest in HECs. Conducted in-depth interviews with industry professionals including reverse mortgage counselors, loan servicers and originators (life companies, banks, etc.) and regulatory experts. Final report provided an overview of the HEC concept and industry, compared and contrasted selected HEC programs and costs, analyzed the actual and potential demand for the product, evaluated the inherent benefits and risks to lenders and borrowers, and considered key investment criteria for the investor and their beneficiaries.

Market Analysis

- ❖ **Carefree Resorts** – Performed agreed-upon procedures for this high-end resort developer and management company. Carefree Resorts was contemplating the purchase of two resorts, both of which were located along Costa Alegre, Mexico, a very remote area approximately one and a half hours north of Manzanillo, and two and a half hours south of Puerto Vallarta. The El Tamarindo resort was in the development stages at the time, and the plan included a high-end hotel component, championship golf course and high-end residential lots. The Bel Air Costa Careyes comprised a hotel, spa and equestrian center, and residential components. The engagement involved an analysis of general market conditions, economic and demographic trends, historical and budgeted operating data, interviews with government and tourism officials and an evaluation of the competitive marketplace.
- ❖ **PRIVATE HOTEL INVESTOR** – PERFORMED MARKET AND FEASIBILITY STUDIES RELATIVE TO PROPOSED LIMITED-SERVICE HOTELS IN MONTGOMERY, INDIANA AND WATSONVILLE, CALIFORNIA. INVOLVED COMPREHENSIVE INTERVIEWS WITH LOCAL INDUSTRY PROFESSIONALS, MANAGEMENT AT COMPETITIVE PROPERTIES AND OFFICIALS WITHIN LOCAL GOVERNMENT OFFICES, SUCH AS PLANNING AND ENGINEERING, TOURISM, ASSESSOR'S OFFICE, AND LOCAL CHAMBERS OF COMMERCE.

PROFESSIONAL QUALIFICATIONS

Lynn DelGaudio

- ❖ ***Individual B&B Investor*** – Performed market feasibility services relative to a proposed boutique inn and conference facility on a five-acre parcel in Olema, California. The individual land owner intended to sell the site to a local bed & breakfast operator, who would then develop the site. Market analysis required an inspection of the land, detailed discussions with its owner and proposed developer, and a determination as to the suitability of the site for the proposed use. Also involved an assessment of potential property requirements, based on market trends and expectancies. Evaluated potentially competitive properties (existing and planned) and the proposed development's position within the competitive environment. A penetration analysis was performed to identify the property's estimated fair share of market demand generated by leisure travelers, group functions and other identifiable sources of demand. Presented a five-year revenue projection based on estimated ADRs and occupancies.

Due Diligence Procedures

- ❖ ***Strategic Hotel Capital, Inc.*** – Performed acquisition due diligence relative to the contemplated purchase of the Marriott Casa Magna hotels in Cancún and Puerto Vallarta. The engagement involved thorough site-inspections and in-depth interviews with management at the subject properties. Also conducted site visits and interviews with management at each property within the competitive marketplace. Extensive research was conducted on competitive product in both markets, and competition was evaluated vis a vis the subject properties. Historical operating data for each Marriott property were analyzed and compared against budgeted data, industry standards, and overall market performance. A summary of findings was presented, including expected ADR and occupancy over a five-year period.
- ❖ ***Confidential Hotel Investor*** – Performed detailed due diligence and valuation services relative to a proposed purchase of a hotel portfolio consisting of approximately 100 assets across the nation. The portfolio included both limited- and full-service properties, some with retail or other components. The engagement involved extensive interviews with GMs at the subject properties and their competitors, discussions with local tourism and convention authorities, as well as government officials. Analyses of general economic, demographic and real estate trends were conducted for each sub market. Retail leases were tested and evaluated against local market conditions. Historical and budgeted performance was analyzed and evaluated against the respective marketplace and competitive set, as well as industry and brand-specific performance standards. Valuation for each property was conducted through a discounted cash flow approach.
- ❖ ***Major U.S. Electric Corporation*** – Performed due diligence procedures relative to the disposition of this corporation's homebuilder subsidiary. Conducted site visits to subject and competitive developments, and in-depth interviews with property construction and sales managers, accountants and controllers. Performed analysis of macro- and micro-economic conditions. Conducted thorough and very detailed evaluation of historical operating data and budgets, and performed in-depth analysis of the homebuilder entity's business plan and underlying assumptions.
- ❖ ***Confidential Financial Institutions*** – Performed due diligence and valuation services for five of Mexico's largest financial institutions. The portfolio contained approximately 400 assets located throughout Mexico, including hotels, residential properties, land, office and industrial properties. Developed a database of over 3,000 comparable properties that was used throughout the valuation process. Involved site inspections, detailed review of documents, in-depth surveys of real estate professionals throughout several regions of the country, and considerable financial analysis. Economic and market analyses were performed to provide adjustment criteria for each region and property type.

PROFESSIONAL QUALIFICATIONS

Lynn DelGaudio

- ❖ ***Bancomer*** – Performed due diligence and valuation services for one of Mexico's leading financial institutions. The portfolio contained approximately 80 assets located throughout the country. The assets included hotels, condominiums, single-family homes, raw land, commercial property and industrial buildings.

Developer Evaluations

- ❖ ***City of Mountain View*** – Evaluated responses to a Request for Qualifications (RFQ) issued by the City of Mountain View relative to a new conference hotel facility to be developed in the

Education

- ❖ **Bachelor of Arts, Accounting, University of Wisconsin at Madison, with Distinction**

Articles

- ❖ **Focus on the San Francisco Hotel Market, 1998**
- ❖ **Focus on the Mexican Hotel Market, 1998**

Memberships

- ❖ **Commercial Real Estate Women (CREW)**



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Baker and Miller PLLC
2401 Pennsylvania Ave N W
Suite 300
Washington, D C 20037

November 19, 2007

**RE: Abandonment of Trackage Located in Green Island, New York
STB Docket No. AB-156 (Sub-No 26X)**

Dear Sir

Pursuant to a request of your client, R Freedman and Son, I am herewith providing you with my estimate of the Net Salvage Value of the trackage in place subject to the above abandonment notice

In the original CP/DH abandonment filing and a subsequent letter with attachments dated 10/31/07 the following information is provided

Track Mileage is given as 1.60 miles

Weight of Rail is given as 90 pound per yard

Number of turnouts is given as one

Number of crossings to retire is five

Cost to retire crossings is \$3,000.00 per crossing

Valuation of track steel scrap is given as being between 267 and 305 dollars per ton

Cost to remove track is given as \$24,000 per mile or \$4.55 per track foot

Net Sale Value of track is given as \$20,012 to \$26,935 per mile

Net Salvage Value for 1.6 miles is \$32,020 to \$43,097 per mile

On Thursday September 13, 2007 this writer made a brief walking inspection of the Green Island Branch from adjacent properties and streets. As a result of that inspection and my review of a variety of material relevant to the abandonment, I provide the following estimate of Net Salvage Value

My estimate is based on the following

Length of track is actually 1 mile or less based on numerous sources

(This is borne out by CP Rail charts indicating that

Green Island Branch from MP 6.95 to MP 7.13 is .18 Miles

Troy Branch from MP 0.75 (not 0.0) to 1.42 is .67 Miles

All track beyond MP 1.42 (Tibbitts Street crossing) has been removed by the Village of Green Island)

Weight of rail is primarily 90 pound per yard as per CP information provided
Number of turnouts in place is at least one as observed in field
Number of crossings to retire is five as observed in field
Cost to retire crossings is \$3,000 00 per crossing as per CP information provided
Valuation of track steel at current market prices is based on AMM Scrap Iron and Steel
Prices dated 11/15/07 at \$255 per ton delivered to New York CP data for scrap prices is 4/07
Cost to retire track is \$4 55 per foot as per CP information provided

Accordingly

Rail: 90AS

1 00 mi X 5280 = 5280' actual line track feet
5280 X 2 = 10,560 actual rail feet 10,560/ 3 = 3520 yards of rail
90lbs (weight of rail per yard) X 3520= 316,800 pounds of rail
316,800/ 2000 = 158 40 tons of rail in place

158 4 tons of rail at \$255 per ton = \$40,392 00

Tie Plates: 8.5 inches single shoulder 11.28 pounds per plate

Figure 2 tie plates every 21 inches
5280'x12"/21 inches between tie centers = 3,017 ties x 2 = 6,034 total tie plates
6,034 plates x 11 28 lbs ea = 68,063 pounds/ 2000 = 34 03 tons

34 03 tons of plates at \$255 00 per ton = \$8,677 65

Angle Bars: 90 AS 24 inch four hole 31.02 pounds each

5280/33' length of rails = 160 jts x 2 sides= 320 joints x 2 bars =640 joint bars
640 joint bars x 31 02 pounds =19,852 pounds/2000 = 9 93 Tons
9 93 tons of angle bars x \$255 per ton = \$2532 15

Spikes: 4 per tie at .76 pound each

4 spikes x 3,017 ties = 12,068 spikes
12,068 spikes x .76 pound = 9171 68 pounds/2000 = 4 59 Tons

4 59 Tons of spikes x \$255 per ton = \$1,170 45

Bolts: 7/8" x 5" four per joint bar at 1.30 pounds each

640 joint bars x 4 bolts = 2560 bolts x 1 30 pounds = 3,320 pounds
3,320 pounds / 2000 = 1 66 tons

1 66 tons of bolts x \$255 00 per ton = \$423 30

Miscellaneous scrap: including 115 pound in crossings and turnout

23,820 pounds/2000 = 11 91 tons

11 91 tons miscellaneous scrap x \$255.00 per ton = \$3,037

Totals

Rail

158 4 tons

Plates

34 03 tons

Angle bars

9 93 tons

Spikes

4 59 tons

Bolts

1 66 tons

Miscel Scrap

11 91 tons

Total tons 220 52

220 52 tons at \$255 00 per ton

Total value of on line rail and other steel track accessories \$56,232.60

Cost to remove track as per CP \$23,760 00

Cost to remove crossings as per CP \$15,000 00

Total cost of removal \$38,760.00

Net Salvage Value of Track \$17,472.60

Additional cost factors

1) Line is heavily enveloped with brush. Any removal of track would require extensive brush cutting. Because of the proximity of homes and businesses directly adjacent to the line, most of this work would have to be done by hand.

Estimated cost for brush removal \$1 00 per track foot or \$5,000 00

2) Encroachment on the line A variety of abutters have moved equipment and or materials into the right of way Negotiation for and removal of these materials would be an additional cost factor

Estimate \$1,000 00

3) Removal of rail on route 32 bridge If required, this work would need to be performed according to OSHA and FRA requirements for worker protection as well as other protection for under bridge road traffic

Estimate \$3,000 00

4) Removal of ties If required, railroad ties are considered hazardous waste because the creosote used in treating ties is a known carcinogen Although there are probably a few relay quality ties in place, the majority of the ties, approximately 2500, would need to be loaded and trucked to an accepting land fill

Estimated cost of disposal \$5,000 00

5) Removal of bridges If required, remove two bridges over highways

Route 32 and I-787

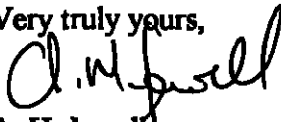
Estimate \$30,000 each

6) Removal of crossing signal systems including pole line If required the presence of hazardous materials, sulfuric acid in battery cases, asbestos covered hardware, creosote treated poles would be an additional cost factor.

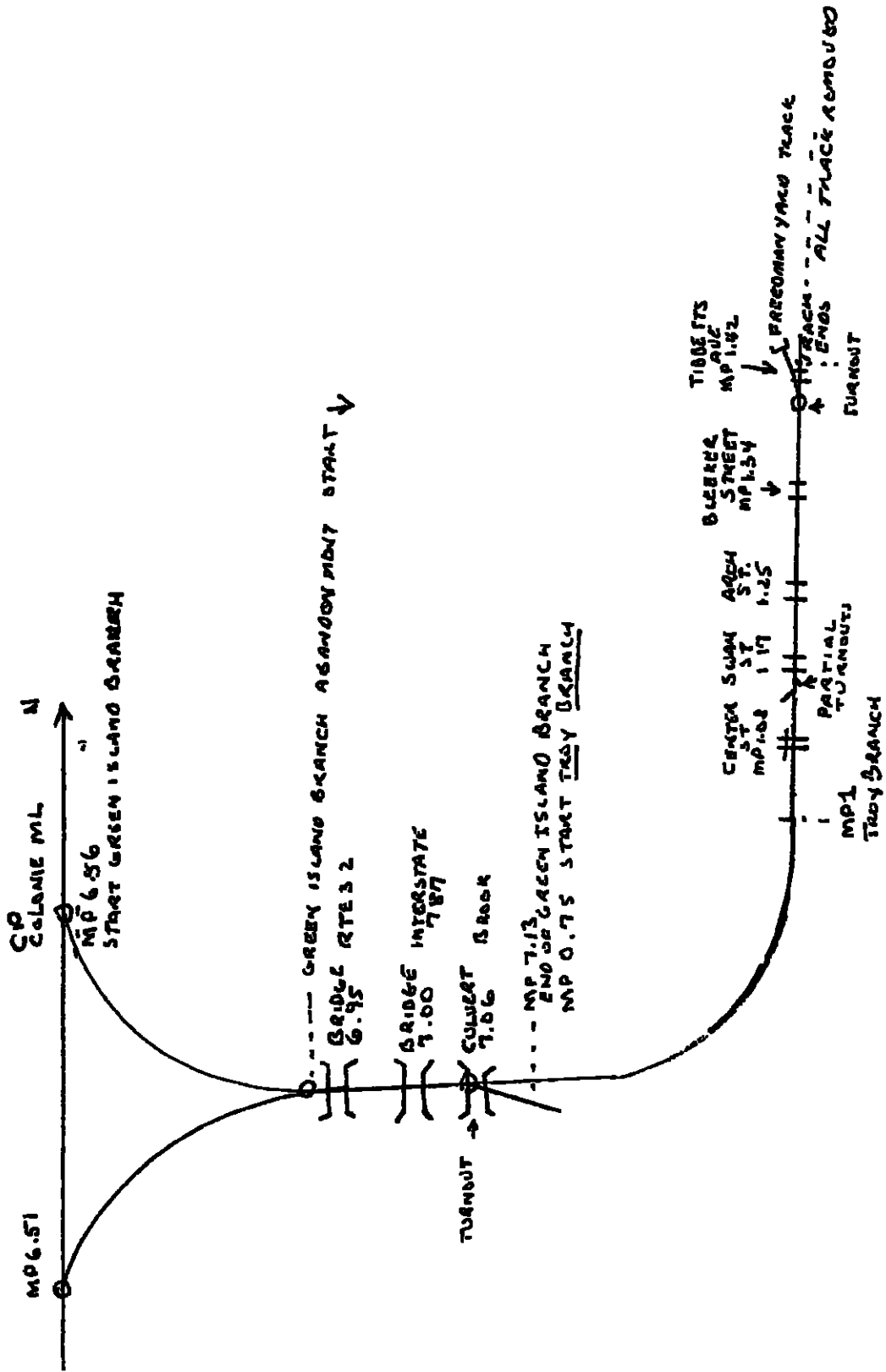
Estimate \$10,000 00

If you should have any questions concerning this report, please feel free to call me at your convenience

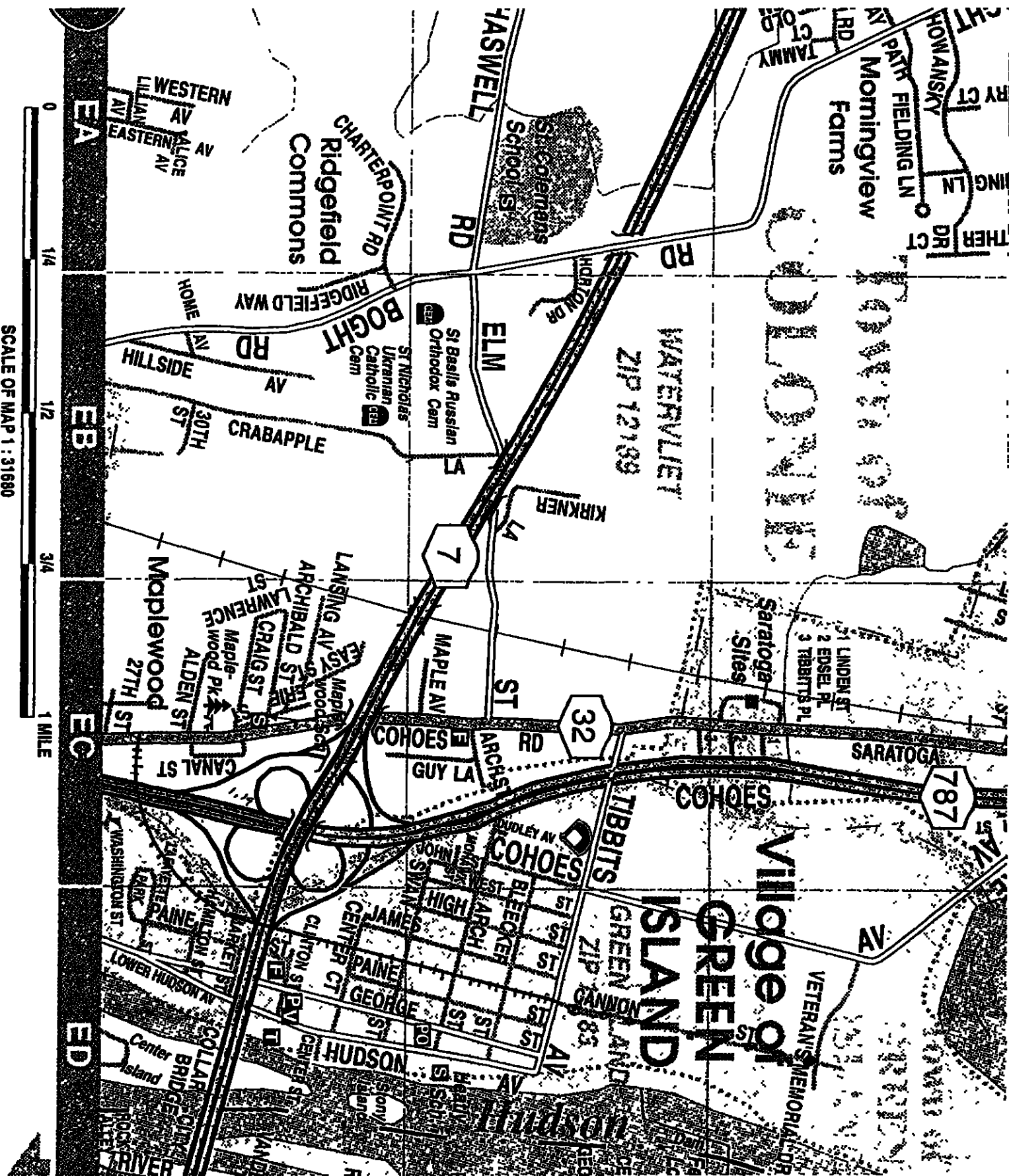
Very truly yours,



A. H. Jewell



ROUGH SCHEMATIC
 CP GREEN ISLAND BRANCH AND CP TADY BRANCH



AMM Scrap Iron & Steel Prices

Tuesday, November 18, 2007

CONSUMER BUYING PRICES

Estimated domestic consumer buying prices in US\$/gross ton; delivered mill price.

	Birmingham	Carrollton	Chicago	Cleveland	Detroit	Houston area	N.Y.	Philly	Pittsburgh	Seattle/Portland	St. Louis	Youngstown	Hamilton, Ontario	Montreal
NO. 1 HEAVY MELT	162(a)	220	250	230(a)	220	230	255	245	250	117-119	215	245	174	210
No. 2 heavy melt	172(a)	210	240	220(a)	220	220	245	235	242	114-116	205	235		170
No. 1 bundles	250(a)		300	295	290	235(a)	295(a)	280	290		275	295	161	
No. 2 bundles	150	155	230			180	180(a)	180(a)	180(a)	85-87		180(a)		NA
No. 1 busheling	280(a)	255	300	290	285	240	290(a)	280	295		275	290	201	207
No. 1 factory bundles			305	310	300				305					
Shredded auto scrap	220	255	280	280	285	285	280	275	275	137-139	270	280	163	215
MACHINE SHOP TURNINGS	190	115	185	130(a)			180	170	180	82-84	180		48	105
Shoveling turnings			185	140(a)				180	170		180		38	
Cast iron borings			170	140(a)							135			
Mixed borings, turnings			160							72-74				
CUT STRUCTURAL PLATE, 2" MAX.	NA	280	370			270		312						245
Cut structural plate, 3" max.	270	250				280		283-285	275		265			
Cut structural plate, 5" max.	212(a)	235	275	250(a)	235	250	285	280	285	132-134	245	270	180	215
Foundry steel, 2" max.	300		247	200	240	230		274	265			215		
CUPOLA CAST	280	180	285	285	285	220	255	272-273	275					185
Clean auto cast	220	225	330	280	315			290	280					
Unstripped motor blocks	255	200	300	300	285	210		250	300					
Heavy breakable cast	170		225	210	215			170	180					
Drop broken machinery cast		250	315	275	320			285	300	180			250	220
NO. 1 RR HEAVY MELT	212(a)	235	275	280(a)		280		285	285	152	248	270		
Rail crops, 2" max.		280	370	310				312	310					
Random rolls	210		280					230	280	160				
Steel car wheels	330	295	300					312	312					
Other track material (OTM)	290	255	270	275				312	310	215				
CLEAN USED DENSIFIED CANS			280	245	245			200(a)	245					

(a) Appraisal price

NA—Not available

† Canadian currency in not tons

STAINLESS STEEL SCRAP

	Boston	Buffalo	Chicago	Cleveland	Detroit	Houston	LA	N.Y.	Pittsburgh	S.F.	Montreal
DEALERS' BUYING PRICES (c/lb.)											
316 solids, clips	140-150	140-150	150-151	150-151	150-151	150-151	140-150	150-151	150-151	140-150	144-145
304 solids, clips	99-100	99-100	100-101	100-101	100-101	100-101	99-100	100-101	100-101	99-100	94-95
304 turnings	89-90	89-90	90-91	90-91	90-91	90-91	89-90	90-91	90-91	89-90	85-86
304 new clips		100-101	101-102	101-102	101-102		100-101	101-102	101-102	100-101	95-96
430 new clips	6.8-7.0		7.0-7.5	7.0-7.5	7.0-7.5			7.0-7.5	7.0-7.5		
BROKER/PROCESSOR BUYING PRICES (\$/gross ton)											
316 solids, clips			4,050-4,100	4,050-4,100	4,050-4,100	4,050-4,100		4,050-4,100	4,050-4,100		
304 solids, clips			2,725-2,750	2,725-2,750	2,725-2,750	2,725-2,750		2,725-2,750	2,725-2,750		
304 turnings			2,450-2,475	2,450-2,475	2,450-2,475	2,450-2,475		2,450-2,475	2,450-2,475		
430 bundles, solids			370-380			370-380				370-380	
430 turnings			290-300							290-300	
408 bundles, solids			325-335		325-335					325-335	
408 turnings			315-325		315-325					315-325	

† Canadian currency

EXPORT YARD BUYING PRICES

Estimated prices an export dealer, broker or processor will pay for items delivered to his yard, in US\$/gross ton.

	Boston	LA	N.Y.	Philly	S.F.
No. 1 heavy melt	230	105-107	240-242	245-247	100-102
No. 2 heavy melt	220	85-87	228-230	233-235	90-92
No. 2 bundles	140(a)		110(a)	115(a)	85-87
No. 1 busheling	240	180	245(a)	245(a)	
Machine shop turnings		60	120		60
Mixed cast	235		250	250	
Unstripped motor blocks	205	185	240	240	180
Auto bodies	190	175	180	180	170
Cut structural plate 5" max.	240	195	250	255	180
STAINLESS STEEL SCRAP PRICES (\$/ton)					
304 solids, clips		2,825-2,850	2,825-2,850	2,825-2,850	2,825-2,850
304 turnings		2,325-2,350	2,325-2,350	2,325-2,350	2,325-2,350
430 bundles, solids	375	375	375	375	

(a) Appraisal price

STAINLESS BROKER BUYING PRICES

Estimated prices in US\$/gross ton, f.o.b. car

	Atlanta	Boston	Buffalo	Cincinnati	Detroit
NO. 1 HEAVY MELT	185	220	215	205	210
No. 2 heavy melt	185	210	205	195	
No. 1 bundles	230	250	230	198	225
No. 2 bundles	135	135	140	120	145
No. 1 busheling	240	250	230	200	250
Shredded auto scrap	205	230	230	213	235
MACHINE SHOP TURNINGS			138	120	148
Shoveling turnings		115	150	125	140
Cast iron borings			110	110	115
Mixed borings, turnings			105		130
CUPOLA CAST			230	240	280
Cut structural plate, 5" max.	210		225	215	215
Cut structural plate, 2" max.			240	225	230
Clean auto cast				245	290
Unstripped motor blocks		230	210		280
Heavy breakable cast			180		210
Drop broken machinery cast			280		270
Rail crops, 2" max.			210	285	
Random rolls			200	230	

* F.o.b. (free on board at the shipping point) from dealer to broker where freight rate is absorbed by broker; freight rate based on single-car shipments.

www.amm.com

STAINLESS CONSUMER BUYING PRICES

(\$/gross ton)

Pittsburgh

316 solids, clips	3,850-4,000
304 solids, clips	2,575-2,600
304 turnings	2,375-2,400
430 bundles, solids	450-460
430 turnings	350-360
408 bundles, solids	410-420
408 turnings	300-310

ADDITIONAL GRADES FOR STAINLESS

Birmingham

Electric furnace, 3" max.	215
Cut structural plate, 4" max.	255
Stove plate	310

Chicago

No. 1 industrial heavy melt	275
Rail crops, 18" max.	375
Rolling rolls	350
Steel coils	285
Heavy large bar crops	280
Stove plate	325
Punching & plate, 12" max.	370

Scrap Price Changes Today

Ferrous scrap price changes were made for these cities:

None

Disclaimer

AMM and its employees and agents do not warrant the accuracy or completeness of any published information. AMM is not responsible for errors or omissions, or for the results obtained by the use of such information, and disclaims any liability to any person for any loss or damage caused by such errors or omissions, including those arising from the negligence of AMM, its employees or representatives.

AMERICAN METAL MARKET

NOVEMBER 18, 2007 12

Net Salvage Value Estimate for Green Island Branch trackage at Green Island, Albany County, NY
 Created April 11, 2007 revised April 17, 2007, April 20, 2007, April 25, 2007
 Revised October 5, 2007 based on inspection September 19, 2007

salvage of existing track, limited track information provided

Green Island Branch trackage
 single main track - spur 90 lb rail
 single main track - spur 115 lb rail

1.9 track miles
 8,248 ft R
 200 ft R
 115 lb rail in crossings only

Abandonment plan
 Actual removal & value
 track north of Tibbatts already gone

begin abandonment south line Velarens memorial Drive mile 1.81
 begin at north side of Tibbatts Avenue mile 1.42

Turnouts

0

no - no details provided

Total Track Feet

8,448 ft R

	Quantity Measure per of Basis	Measure	Quantity	Unit	Unit Weight / Ton	Price Low Scrap	Price High Scrap	Price - American Metals Market Index No 1 Heavy Mel April 1907	Price Low Scrap	Price High Scrap	Price - American Metals Market Index No 1 Heavy Mel April 1907
Rail, 90 lb	200 /100 ft R	16 485 ft R	0	ft R	30.00	267	305	260	66,000	76,499	71,758
Rail, 90 lb	200 /100 ft R	0	ft R	30.00	30.00	267	305	260	66,000	76,499	71,758
Plate, 115" DS 11"	100 /100 ft R	8 248 ft R	0	ft R	7.60	267	305	260	66,000	76,499	71,758
Anchor Rail 90	0 /100 ft R	0	ft R	1.81	1.81	267	305	260	66,000	76,499	71,758
Anchor Rail 90	0 /100 ft R	0	ft R	1.81	1.81	267	305	260	66,000	76,499	71,758
Joint Bar 90" ASCE 26" 4H	14 /100 ft R	1 155 ft R	0	ft R	28.00	267	305	260	4,316	4,931	4,686
Joint Bar 90" ASCE 26" 4H	14 /100 ft R	1 155 ft R	0	ft R	28.00	267	305	260	4,316	4,931	4,686
Spikes	200 /100 ft R	16 485 ft R	0	ft R	1	267	305	260	2,202	2,516	2,392
Boil Trk 90" 7/8"	60 /100 ft R	4 949 ft R	0	ft R	1	267	305	260	681	755	718
Boil Trk 90" 7/8"	60 /100 ft R	4 949 ft R	0	ft R	1	267	305	260	681	755	718
Rail 115 lb	200 /100 ft R	400 ft R	0	ft R	38.30	267	305	260	2,528	2,933	2,939
Plate, 115" DS 11"	100 /100 ft R	200 ft R	0	ft R	13.90	330	350	384	469	533	533
Plate, 115" DS 11"	100 /100 ft R	200 ft R	0	ft R	13.90	330	350	384	469	533	533
Anchor Rail 115" Fair	0 /100 ft R	0	ft R	2.42	2.42	330	350	384	469	533	533
Anchor Rail 115" Fair	0 /100 ft R	0	ft R	2.42	2.42	330	350	384	469	533	533
Joint Bar 115" RE 36" 6H	12 /100 ft R	24 ft R	0	ft R	53.46	330	350	384	469	533	533
Joint Bar 115" RE 36" 6H	12 /100 ft R	24 ft R	0	ft R	53.46	330	350	384	469	533	533
Spikes	200 /100 ft R	400 ft R	0	ft R	0.81	330	350	384	469	533	533
Spikes	200 /100 ft R	400 ft R	0	ft R	0.81	330	350	384	469	533	533
Boil Trk 115 1" x 5 3/4"	28 /100 ft R	56 ft R	0	ft R	2.20	330	350	384	469	533	533
Boil Trk 115 1" x 5 3/4"	28 /100 ft R	56 ft R	0	ft R	2.20	330	350	384	469	533	533
Turnout 95-100"	0 /100 ft R	0	ft R	4000	4000	267	305	260	634	610	590
Turnout 95-100"	0 /100 ft R	0	ft R	4000	4000	267	305	260	634	610	590
The Cross Tie reusable	Recycle - reusable	100 ft R	0	ft R	0	5.00	7.21	7.21	0	0	0
The Cross Tie reusable	Recycle - reusable	100 ft R	0	ft R	0	5.00	7.21	7.21	0	0	0
The Cross Tie scrap	Recycle - reusable	50 /100 ft R	4 224 ft R	0	ft R	5.00	7.21	7.21	0	0	0
The Switch Tie Peg	Recycle - reusable	62	62	ft R	0	0	0	0	0	0	0
The Switch Tie Peg	Recycle - reusable	62	62	ft R	0	0	0	0	0	0	0
Subtotal	1	62	62	ft R	No value included	0	0	0	0	0	0
Total Sale Value						85,420	96,497		85,420	96,497	93,029
Contractor Demanding/Loading Cost						-24,000	24,000		-24,000	24,000	(38,400)
Includes loading, shipment, disposal of scrap less (not OCS)						-24,000	24,000		-24,000	24,000	(38,400)
Road Crossing Restoration Cost including signal removal						-3,000	-3,000		-3,000	-3,000	(15,000)
Sub-Total Net Salvage Value of Track Materials						32,020	43,097		32,020	43,097	39,629
Net Salvage Value of Track Materials per Track Mile						20,012	26,935		20,012	26,935	24,769
Net Salvage Value S&C Materials						0	0		0	0	0
Net Salvage Value of Bridge M						0	0		0	0	0
Sub-Total Net Salvage Value of S&C and Bridge Materials						0	0		0	0	0

AMM Scrap Iron & Steel Prices

Thursday, April 19, 2007

CONSUMER BUYING PRICES

Estimated domestic consumer buying prices in US\$/gross ton, delivered mill price

	Birmingham	Carrollton	Chicago	Cleveland	Detroit	Houston area	N.Y.	Philly	P-Burgh	Seattle/Portland	St. Louis	Youngstown	Hamilton, Ontario	Montreal
NO. 1 HEAVY MELT	220	245	290	270	275	280	288	270	275	132-134	250	270	265	280
No. 2 heavy melt	210	235	285	250	---	250	278	280	267	129-131	240	260	---	235
No. 1 bundles	325	---	335	355	310	295(a)	320(a)	340	345	---	325	---	285	---
No. 2 bundles	170	195	250	---	---	180	---	200	230(a)	110-112	---	200(a)	---	NA
No. 1 busheling	300	280	340	350	315	300	325(a)	340	350	---	325	350	305	280
No. 1 factory bundles	---	---	355	363	355	---	---	---	365	---	---	---	---	---
Shredded auto scrap	310	285	320	335	320	310	320(a)	327	335	153-154	320	335	250	278
MACHINE SHOP TURNINGS	110	140	225	145(a)	---	---	180	170	185	107-109	180	---	120(a)	165
Shoveling turnings	---	---	225	155(a)	---	---	---	180	195	---	190	---	110(a)	---
Cast iron borings	---	---	200	155(a)	---	---	---	---	---	---	165	---	---	---
Mixed borings, turnings	---	---	190	---	---	---	---	---	---	87-89	---	---	---	---
CUT STRUCTURAL PLATE, 2" MAX.	NA	285	390	---	---	330	---	340	---	---	---	---	---	320
Cut structural plate, 3" max.	305	275	---	---	---	320	---	310	300	---	280	---	---	---
Cut structural plate 5" max.	250	280	305	280	295	310	300	280	280	147-149	280	290	290	290
Foundry steel 2" max.	190	---	280	180	265	255	---	275	260	---	---	280	---	---
CUPOLA CAST	238	185	310	250	238	200	285	275	285	---	---	---	---	265
Clean auto cast	250	225	355	320	280	---	---	300	300	---	---	---	---	---
Unstripped motor blocks	290	200	295	325	250	190	---	240	250	---	---	---	---	---
Heavy breakable cast	170	---	225	200	180	---	---	180	180	---	---	---	---	---
Drop broken machinery cast	---	250	330	330	285	---	---	300	310	180	---	---	240	275
NO. 1 RR HEAVY MELT	250	288	365	290	---	285	---	290	290	167	310	290	---	---
Rail crops, 2" max.	---	320	390	310	---	---	---	340	330	---	---	---	---	---
Random rails	210	---	280	---	---	---	---	220	220	160	---	---	---	---
Steel car wheels	330	275	335	---	---	---	---	335	335	---	---	---	---	---
Other track material (OTM)	280	240	315	275	---	---	---	345	330	205	---	---	---	---
CLEAN USED DENSIFIED CANS	---	---	285	285	280	---	---	250(a)	280	---	---	---	---	---

(a) Appraisal price

NA—Not available

† Canadian currency in net tons

STAINLESS STEEL SCRAP

	Boston	Buffalo	Chicago	Cleveland	Detroit	Houston	LA	N.Y.	P-Burgh	S.F.	Montreal
DEALERS BUYING PRICES (\$/lb.)											
316 solids, clips	202-204	202-204	204-206	204-206	204-206	204-206	202-204	204-206	204-206	202-204	214-216
304 solids, clips	158-157	158-157	157-158	157-158	157-158	157-158	155-156	157-158	157-158	155-158	162-163
304 turnings	136-137	136-137	137-138	137-138	137-138	137-138	135-136	137-138	137-138	135-136	141-142
304 new clips	---	157-158	158-159	158-159	158-159	---	157-158	158-159	158-159	157-158	163-164
430 new clips	6.0-6.5	---	6.5-7.0	6.5-7.0	6.5-7.0	---	---	6.5-7.0	6.5-7.0	---	---
BROKER/PROCESSOR BUYING PRICES (\$/gross ton)											
316 solids, clips	---	---	5,200-5,300	5,200-5,300	5,200-5,300	5,200-5,300	---	5,200-5,300	5,200-5,300	---	---
304 solids, clips	---	---	3,850-3,900	3,850-3,900	3,850-3,900	3,850-3,900	---	3,850-3,900	3,850-3,900	---	---
304 turnings	---	---	3,450-3,500	3,450-3,500	3,450-3,500	3,450-3,500	---	3,450-3,500	3,450-3,500	---	---
430 bundles, solids	---	---	385-375	---	385-375	385-375	---	---	385-375	---	---
430 turnings	---	---	335-345	---	---	---	---	---	335-345	---	---
409 bundles, solids	---	---	315-325	---	315-325	315-325	---	---	315-325	---	---
409 turnings	---	---	---	---	---	---	---	---	275-285	---	---

† Canadian currency

EXPORT YARD BUYING PRICES

Estimated prices in export dealer, broker or processor will pay for items delivered to his yard, in US\$/gross ton.

	Boston	LA	N.Y.	Philly	S.F.
No. 1 heavy melt	225	110-112	258-280	263-285	110-112
No. 2 heavy melt	222	100-102	245-247	250-252	100-102
No. 2 bundles	140(a)	---	140(a)	140(a)	95-97
No. 1 busheling	230	185	280	280	---
Shredded auto scrap	---	---	---	---	---
Machine shop turnings	---	75	140	---	75
Mixed cast	220	---	255	255	---
Unstripped motor blocks	180	180	270	270	180
Auto bodies	180	170	200	200	170
Cut structural plate 5" max.	230	190	270	270	180
STAINLESS STEEL SCRAP PRICES (\$/ton)					
304 solids, clips	---	3,850-3,900	3,850-3,900	3,850-3,900	3,850-3,900
304 turnings	---	3,450-3,500	3,450-3,500	3,450-3,500	3,450-3,500
430 bundles, solids	375	375	375	375	---

(a) Appraisal price

BROKER BUYING PRICES

Estimated prices in US\$/gross ton, f.o.b. car

	Atlanta	Boston	Buffalo	Cincinnati	Detroit
NO. 1 HEAVY MELT	220	250	245	245	285
No. 2 heavy melt	210	240	235	235	---
No. 1 bundles	250	280	280	255	275
No. 2 bundles	155	180	170	170	185
No. 1 busheling	255	280	285	255	295
Shredded auto scrap	225	270	285	270	285
MACHINE SHOP TURNINGS	---	---	155	155	165
Shoveling turnings	---	115	170	160	165
Cast iron borings	---	---	140	145	140
Mixed borings, turnings	---	---	135	---	155
CUPOLA CAST	---	---	220	235	260
Cut structural plate, 5" max.	235	---	255	255	270
Cut structural plate 2" max.	---	---	275	265	280
Clean auto cast	---	---	---	235	270
Unstripped motor blocks	---	270	200	---	240
Heavy breakable cast	---	---	150	---	200
Drop broken machinery cast	---	---	280	---	260
Rail crops, 2" max.	---	---	270	275	---
Random rails	---	---	200	220	---

* F.o.b. (free on board at the shipping point) from dealer to broker where freight rate is absorbed by broker
 freight rate based on single-car shipments.

STAINLESS CONSUMER BUYING PRICES

	(\$/gross ton)
Pittsburgh	
316 solids, clips	5,500-5,600
304 solids, clips	3,900-3,950
304 turnings	3,450-3,500
430 bundles, solids	440-450
430 turnings	385-375
409 bundles, solids	400-410
409 turnings	315-325

ADDITIONAL GRADES

	Birmingham
Electric furnace, 3" max.	240
Cut structural plate, 4" max.	280
Stove plate	310
	Chicago
No. 1 industrial heavy melt	305
Rail crops, 18" max.	395
Revolting rails	335
Steel sides	325
Heavy forge bar crops	325
Stove plate	300
Punching & plate 12" max.	380

Scrap Price Changes Today

Ferrous scrap price changes were made for these cities
 None

Disclaimer

Prices and other information contained in this publication have been obtained by American Metal Market ("AMM") from sources believed to be reliable. Pricing information is collected through regular contact with producers, traders and purchasers and represents an approximate evaluation of current levels based upon dealings (if any) that may have been disclosed to AMM prior to publication. Actual transaction prices will reflect quantities, grades and qualities, credit terms and many other parameters. The prices are in no sense comparable to the quoted prices of commodities in which a formal futures market exists. Efforts are made to ensure that pricing information is representative, but because of the possibility of human or mechanical error by our sources AMM or others, AMM does not guarantee the accuracy or completeness of any published information. AMM is not responsible for errors or omissions or for the results obtained by the use of such information, and disclaims any liability to any person for any loss or damage caused by such errors or omissions, including those arising from the negligence of AMM, its employees or representatives.

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Employment History

Consultant 1980 to present:

Indus-Rail Co./ Safetrain

Provide a wide range of advisory services to governmental, industrial, and railroad organizations Typical services offered include

- Freight feasibility studies
- Track inspections, net liquid valuations, maintenance programming
- Maintenance of Way, RWP, SOFA, Operations Safety, and DOT Haz Mat training
- Industrial rail facility design
- Marketing
- Operations analysis
- Project management
- Expert witness
- Grant writing

Clients worked for includes Massachusetts Executive Office of Transportation and Construction, Franklin Regional Council of Governments, New Hampshire DOT, Vermont DOT, Berkshire Scenic Railway, Mass Coastal Railroad, Quincy Bay Terminal Railroad, Naugatuck Railroad, New Hampshire North Coast Railroad, Upper Hudson River Railroad, Nova Chemical Corp, Monsanto Corp , Scott Paper Corp , SAPPI Corp , Specialty Minerals, Mobil Corp , General Electric, Eastern Propane Corp, W J Riegel and Sons

Museum Founder and President 1991 to 2000

Shelburne Falls Trolley Museum

Established and oversaw a railroad/trolley museum Wrote grants totaling \$300,000 Managed a successful restoration of 1896 trolley car

Co-Owner/Marketing Vice President 1981-1987

SpurTrak

Oversaw the development and marketing for a successful regional railroad contractor providing design, maintenance, and construction services

Track Supervisor**Massachusetts Central Railroad 1979-1982**

Managed all maintenance of way activities

State Railway Inspector 1977 to 1979**Commonwealth of Massachusetts, Department of Public Utilities**

Oversaw safety of all railway and transit trackage in Massachusetts. Performed operations safety studies including investigations of derailments, grade crossing accidents, haz mat incidents, and collisions. Worked as Commonwealth/FRA interface. Performed legal research for rail regulatory hearings and participated in Department Hearings.

Marketing Vice-President 1975-1977,**Massachusetts Central Railroad**

Helped to establish a shortline railroad and to develop the initial marketing program for this successful railroad.

Education

University of Massachusetts, Amherst, MA BA in Economics 1976

Dean Junior College, Franklin, MA A S 1967

Arlington Memorial High School, Arlington, Vermont Graduate 1965

Specialized Training:

CSX, AMTRAK, Quincy Bay Terminal RWP 1999-2006

OSHA ICS 2004

FEMA NIMS 2005

OSHA Haz Mat 2003

CSX Haz Mat 2006

Quincy Bay Terminal SOFA 2000

AAR DOT Haz Mat 1993-1996

Consolidated Rail Corp Transportation Management School 1979

USDOT Transportation Safety Institute, Accident Investigation 1979

USDOT Transportation Safety Institute, Track Safety Standards 1978

Canadian National Track Foreman School 1974

Canadian National Brakeman/Operations School 1973

Qualified Uniform Code of Operating Rules, Brakeman, Track Foreman

Memberships

New England Railway Club

Franklin Regional Council of Governments, Transportation Sub-Committee

Franklin County Regional Emergency Planning Committee, Transportation Advisory Group/Industrial Subcommittee